



(incorporated as a société anonyme in France)

€6,000,000,000
Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the **Programme**), Kering (**Kering**, or the **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealers (as defined below). The maximum aggregate nominal amount of Notes outstanding will not at any time exceed €6,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Autorité des marchés financiers* (the **AMF**) 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 as amended and includes any relevant implementing measure in a relevant Member State of the European Economic Area (**EEA**) (the **Prospectus Directive**) to approve this document as a base prospectus.

Application may be made (i) to Euronext Paris S.A. for Notes issued under the Programme during a period of 12 months after the date of this Base Prospectus to be listed and admitted to trading on Euronext Paris S.A. and/or (ii) to the listing authority of any other member state of the EEA for Notes issued under the Programme to be admitted to trading on a Regulated Market (as defined below) in such member state. Euronext Paris S.A. is a regulated market (a **Regulated Market**) for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended (**MiFID II**).

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a Regulated Market and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)).

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

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Overview of the Programme - Method of Issue*") of Notes will be set out in a final terms (the **Final Terms**) which, with respect to Notes to be listed and admitted to trading on Euronext Paris S.A., will be filed with the AMF.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

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

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

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

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

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

Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream 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 or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

The long term debt of the Issuer has been rated BBB+ by Standard & Poor's Credit Market Services Italy Srl (**S&P**). S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at

<http://esma.europa.eu/page/list-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the long term debt of the Issuer by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to, amongst others, LIBOR, LIBID, LIMEAN or EURIBOR (as specified in the relevant Final Terms), which are respectively provided by ICE Benchmark Administration Limited (**ICE**) and the European Money Markets Institute (**EMMI**). As at the date of this Base Prospectus, only ICE appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration. The relevant Final Terms in respect of an issue of Floating Rate Notes will specify the relevant benchmark, the relevant administrator and whether such administrator appears on the ESMA register referenced above. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Base Prospectus or the relevant Final Terms to reflect any change in the registration status of the administrator.

This Base Prospectus, any supplement to this Base Prospectus and the Final Terms of any Notes listed and admitted to trading on Euronext Paris S.A. will be available on the Issuer's website (www.kering.com) and this Base Prospectus will be available on the website of the AMF (www.amf-france.org). Documents incorporated by reference in this Base Prospectus will be available on the Issuer's website.

Arranger

Société Générale Corporate & Investment Banking

Dealers

BNP PARIBAS

Crédit Agricole CIB

Deutsche Bank

HSBC

J.P. Morgan

Natixis

NatWest Markets

**Société Générale Corporate & Investment
Banking**

UniCredit Bank

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

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

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

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

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

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

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. Accordingly no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither this Base Prospectus nor any other financial statements nor any other information supplied in connection with the Programme or any Notes (a) are intended to provide the basis of any credit or other evaluation and (b) should be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other

financial statements or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness of the Issuer. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

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

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “MIFID II product governance” which will outline the target market assessment in respect of the Notes, taking into account the five categories in item 18 of the Guidelines published by ESMA on 5 February 2018, and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration each/the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining each/the manufacturer’s target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such risks or to determine which risks are most likely to occur, as the Issuer may not be aware of all relevant risks and certain risks which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in its 2017 Document de Référence a number of risk factors which could materially adversely affect its business and ability to make payments due; these risk factors are referred to below.

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

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

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

Risks relating to the specialised distribution industry and the Issuer

Risks identified in the Issuer's 2017 Document de Référence

Financial risks

The Kering group has established a centralised structure for the management of liquidity, exchange rate and interest rate risks. The Group's Financing and Treasury Department, which reports to the Finance Department, is responsible for this organisation and has the necessary expertise, resources (particularly technical) and information systems to carry out the necessary tasks. It executes transactions in various financial markets with optimum efficiency and security via Kering Finance SNC, which is dedicated to cash management and financing. The Financing and Treasury Department also coordinates cash management for the subsidiaries and sets out the Group's banking policy.

Counterparty risk

Kering minimises its exposure to counterparty risk by dealing only with investment grade companies and by spreading its exposure among its various counterparties, up to their respective exposure and maturity limits. Counterparties to derivative transactions are included in the Group's counterparty risk management procedures. Each of these transactions requires approval and is governed by limits and maturities that are reviewed on a regular basis. Counterparties are assessed using an internal classification system based on the rating they have received from rating agencies. Counterparties must be rated at least "BBB" by Standard & Poor's and the equivalent by Moody's.

Equity risk

In the normal course of business, the Group enters into transactions involving shares in consolidated companies or shares issued by Kering. The Group trades in its own securities either directly or through derivatives as part of its share buy-back programme and in accordance with applicable regulations. Kering has also signed an agreement with a financial broker in order to improve the liquidity of the Group's shares and ensure share price stability.

Shares held in connection with non-consolidated investments represent a low exposure risk for the Group and are not hedged.

When Kering sets up financial investments in the form of open-ended investment funds or equivalent funds, it systematically uses liquid monetary instruments with maturities of less than three months in order to mitigate risk. Consequently, the price risk borne by Kering is deemed not to be material.

Foreign exchange risk

The Group uses derivative hedging instruments to reduce its exposure to currency risk based on the specific requirements of each of the Luxury and Sport & Lifestyle activities.

These instruments are used either to hedge foreign currency trade receivables and payables, or to hedge highly probable forecast exposures and / or firm commitments. Each entity hedges the risk generated by using a currency other than its functional currency in its commercial dealings.

Companies in the Sport & Lifestyle activities primarily hedge the foreign exchange risk generated by highly probable purchase and sales of foreign currency. Periods depend on the activity specific to each company. Hedging flows may be generated by inter-company flows through purchasing offices.

Foreign exchange risk hedging by the Luxury activity's entities mainly covers sales made to their retail subsidiaries, and to a lesser extent purchase flows. These are essentially inter-company flows.

Future foreign exchange exposures are determined using a regularly updated budget procedure.

Hedging periods are adapted to each brand's business cycle and only marginally exceed one year at each reporting date.

Each brand hedges its own foreign exchange risks in accordance with policies and procedures reflecting its specific requirements.

Kering ensures that each brand's currency risk management policy is consistent with its underlying foreign exchange exposure, notably through a monthly currency reporting procedure. Kering also conducts periodic audits at Group level.

The Group also hedges foreign exchange risk on financial assets and liabilities issued in foreign currencies by using currency swaps for refinancing purposes or by investing cash in euros or local currency.

Interest rate risk

Interest rate risk policy falls within Kering's remit, and is managed on a consolidated basis by Kering Finance SNC. Kering has set a 70% -fixed / 30% -floating target rate mix for consolidated gross debt.

Interest rate risk is measured based on current and projected consolidated net debt, the schedule of hedging positions and fixed-rate / floating-rate debt issuances. This enables interest-rate hedging in accordance with the Group's target fixed / floating rate mix. Appropriate hedging products are mainly set up through Kering Finance SNC, in close liaison with Kering's Executive Management. Kering mainly uses (i) interest rate swaps to convert all or a portion of its fixed-rate bonds to a floating rate and (ii) caps and collars in order to protect floating-rate financing against rises in interest rates.

Kering Finance SNC processes, controls and provides administrative support for interest rate transactions on behalf of Group companies. Front-office, middle-office, back-office and accounting tasks are separated for security reasons. Kering Finance SNC uses market-standard techniques and information systems to price interest rate instruments.

Liquidity risk

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed by Kering, based on Group- and brand-level financial reporting procedures.

In order to manage liquidity risk that may arise when its financial liabilities fall due, the Group's financing policy is geared towards optimising its maturity schedule and avoiding the concentration of redemptions and repayments.

The Group's active risk management policy also seeks to diversify sources of funding and limit reliance on individual lenders.

The Group's bonds and bank lines of credit are governed by the standard commitment and default clauses customarily included in this type of agreement: *pari passu* ranking, a negative-pledge clause that limits the security that can be granted to other lenders, and a cross-default obligation. The bonds issued within the scope of the EMTN programme are all subject to change-of-control clauses entitling bondholders to request early redemption at par if Kering's rating is downgraded to non-investment grade following a change of control.

Euro bond issues are not subject to any financial ratio covenants.

Additional information on financial risks is provided under the heading "*risques financiers*" on pages 233-235 and under the heading "*Exposition aux risques de marché, de taux d'intérêt, de change et aux fluctuations de cours de bourse*" on pages 296-305 of the 2017 *Document de Référence* which is incorporated by reference in this Base Prospectus.

Strategic and operational risks

In accordance with the AMF's recommendations, this section deals only with risks identified by the Group as having a potentially significant impact.

Macro-economic instability

Growth of the Luxury and Sport & Lifestyle markets is closely linked to growth in the world economy. More particularly, these markets are driven by trends in "discretionary" consumption, which accounts for a varying percentage of total household spending depending on the maturity of an economy, and therefore differs between developed and emerging markets.

Discretionary consumption is sensitive to any weakness in global economic growth or a deterioration in the macroeconomic or geopolitical environment of a given country or region. This can impact consumer confidence, and lead consumers to limit or postpone any "non-essential" purchases.

These spending decisions can also be influenced by factors such as political instability, security threats, exchange rate volatility, and changes in customs or tax policies which can alter consumers' expectations and purchasing behaviour, for example by impacting their purchasing power and disrupting tourist flows.

Besides cyclical factors, the Group is also exposed to structural medium-term growth patterns related to the increase in the world's population and changes in the population mix.

Raw materials and strategic skills

To meet their customers' expectations, the Luxury activities require unhindered availability of raw materials that comply with its quality criteria, and sustained skill levels across its production teams. To this end, the Kering group has forged special partnerships with key suppliers, and pursues a policy of actively seeking

new partners. It also develops vertical integration throughout the production chain by means of acquisitions or strategic business partnerships in the subcontracting market.

To maintain the know-how of its Luxury activities' businesses over the long term, Kering runs personnel training and skills preservation initiatives, and internalises a number of functions that were previously subcontracted.

Fluctuation in raw materials prices

Volatility in the prices of raw materials used by the Luxury activities correlates with high demand for leather, skins and precious stones. Rising prices of the raw materials used by the Sport & Lifestyle activities stem from variations in outsourcing costs and in the prices of rubber, cotton and polyester. Rises in production costs can be wholly or partially offset by corresponding rises in the sale prices of finished products.

Commercial appeal and brand value

Kering's activities are underpinned by powerful global brands in the Group's Luxury and Sport & Lifestyle businesses. One of the Group's main operational risks therefore concerns the loss of commercial appeal and brand value that could arise from poor consideration of consumer expectations, market changes, loss of key partnerships, problems with product quality, or failure to comply with the Group's sustainability principles.

Consumer expectations

The inability to anticipate changes in consumer expectations represents a major risk to Kering's business development. To counter this risk, Kering endeavours to streamline the supply cycle, cutting lead times between product design and launch phases.

Key partnerships

Partnerships with celebrities, athletes, sports teams and other brands make a significant contribution to enhancing the Group's image. Putting in place these partnerships is likely to be costly, particularly in terms of marketing and communication, which may not provide the benefits that are expected (increased business, enhanced brand image, etc.).

Product quality, health and safety risks

Ensuring the quality of goods and compliance with stringent safety standards are among the Group's main priorities.

In order to bring high-quality products to market that are compliant with these standards, the Group implements quality control processes covering all of the stages in the product lifecycle, from design through to marketing. Products are classified using quality and safety standards, while suppliers are referenced on the basis of technical audits and adherence to the Group Suppliers' Charter in the Code of ethics. Product quality and safety controls are carried out at all stages of the production process by quality engineers and accredited laboratories.

Image and reputation, respect for ethical rules and integrity

The Group carefully safeguards its image and reputational assets.

Unfavourable or erroneous media coverage on the Group's products or practices, or negative discussions on social networks, could damage its image and reputation as well as give consumers a misleading perception of the Group's performance, potentially leading to a slowdown in sales.

Identity theft and false information

As a listed company on a regulated market, Kering is particularly exposed to the risk of the circulation of false information, the spreading of unfounded rumours and the risk of identity theft. A significant increase in the risk of external fraud has been observed in a variety of forms, including fake president fraud, supplier fraud, cyber-attacks and ransomware.

Counterfeiting and parallel distribution networks

Kering owns a large array of brands, models, copyrights, patents, designs and know-how, largely through its Luxury and Sport & Lifestyle activities. This portfolio constitutes intellectual property and a strategic asset for the Group.

The distribution of brand products could be threatened if the Group's intellectual property rights were to come into conflict with the rights of certain competitors.

Dependence on patents, licences and supply contracts

The Group is not significantly dependent on any patents, licences or third-party supply sources.

The Group owns or has licence rights to the trademarks, patents and intellectual property rights that it exploits, free of any restrictions as to right of priority or use (and of rights likely to restrict such exploitation) in all relevant markets. The same applies to the corporate names and domain names of the subsidiaries or entities, to the names of the Group's stores and points of sale and to the trademarks and signs of the goods and products manufactured and marketed by the various Group entities. This situation does not preclude any of the trademarks belonging to the Group being licensed to third parties for the sale of goods or services under its trademark enhancement policy, as has been the case in perfumes and cosmetics. In all cases, such licensing agreements have been entered into under fair commercial and financial terms and conditions, and have no impact on the ownership of the trademarks and signs belonging to the Group.

Litigation

Group companies are involved or are likely to be involved in a number of lawsuits or disputes arising in the normal course of business, including litigation with tax, social security and customs authorities, as well as various governmental and competition authorities. Provisions have been set aside by the companies for the probable costs, as estimated by the entities and their experts.

Furthermore, the Group has granted various sellers' representations and warranties in connection with disposals of controlling interests in subsidiaries made over the last ten years.

As regards the laws and regulations applicable to the Group's activities (excluding possible international sanctions that may be imposed against certain countries but have no impact on the Group's activities), Kering's businesses are subject to the same constraints and obligations as those directly applicable to its competitors on its different markets. None of its businesses are subject to specific rules or exemptions in any of the relevant territories.

Legal risks

The Group has a vast array of brands and domain names, as well as know-how and production processes that are unique to Kering. In particular, Kering has established licensing agreements with its subsidiaries and partners who use its intellectual property rights, which make up a significant portion of the Group's assets.

Kering works to protect these rights and is active in the fight against counterfeiting, as counterfeiting can have an impact on revenue and damage the reputation of the Group and its products. Initiatives are carried

out by the Legal Department of the Group and its brands with the help of external advisors and in conjunction with the relevant local authorities.

Talent management

The Group recognises that the talent and creativity of its employees are one of the keys to its success. Its capacity to identify, attract and retain staff and nurture their skills is critical for the Group.

Kering's human resources policy therefore seeks to promote a stimulating and rewarding working environment, and to foster attachment to the Group and its values. This is done by means of training programmes and profit-sharing. Kering also aims to boost its staff's employability, to encourage internal mobility and to open up prospects for professional and personal development.

Information systems

Most of the Group's production and transaction processes rely on information systems. The maturity of the information systems in use across the Group, as regards suitability, security, rollout and functionality, is fairly heterogeneous. The Group runs an ongoing investment programme on the adaptation, improvement, security and durability of its information systems. Business continuity and recovery plans are regularly updated, and their efficacy closely monitored.

Credit risk

Because of the nature of its businesses, a large proportion of Kering sales is not exposed to customer payment risks. This is true of direct customer sales by the Luxury activities. For sales through wholesalers, there is no strong dependency whereby loss of particular customers might have a significant impact on the Group's business or earnings.

Seasonality of sales

Exceptional factors likely to have major consequences on the political or macro-economic environment of one or more of the Group's main markets can also impact the Group's activities and quarterly results and consequently change the usual seasonality pattern in a given fiscal year.

Crisis management

Certain major events such as natural disasters, terrorist attacks and pandemics could materially impact the Group's operations.

The risks related to the materialisation of such events are mitigated by the geographic balance of the Group's distribution network, the worldwide locations of its brands and the various crisis management units and policies described under the heading "*Gestion des risques*" of the 2017 *Document de Référence*.

Climate change

The physical effects of climate change are susceptible to impact the Group's activities. While its own activities (production and distribution) are relatively unexposed due to their low carbon footprint (Kering's activities are not subject to carbon emissions quota regulations), this is not the case for the supply chain. The growing frequency of extreme weather events (drought, flooding, etc.) could have a direct impact on the availability and quality of key raw materials such as cotton, cashmere and silk, which would translate into greater price volatility.

Property

Due to the extent of the Group's activity on the property market and the highly-competitive environment, the Group is exposed to the risk that it may not be able to negotiate and rent certain locations for its brands under the best possible conditions.

Additional information on strategic and operational risks is provided under the heading "*risques stratégiques et opérationnels*" on pages 235-241 of the 2017 *Document de Référence* which is incorporated by reference in this Base Prospectus.

Compliance risks

Kering's international presence exposes it to risks regarding non-compliance with legislation and national regulations, owing to the complexity and changing nature of regulations chiefly arising from corporate and tax law, customs duties and import restrictions applied by certain countries.

Additional information on compliance risks is provided under the heading "*risques de conformité*" on page 241 of the 2017 *Document de Référence* which is incorporated by reference in this Base Prospectus.

Risk management

The Kering risk management policy is based on the ongoing identification and evaluation of risks, risk prevention, protection of people and property, and safety and business continuity plans.

The risk management policy also includes the transfer of risks to insurance companies.

Insurance against risks

The Group's policy of transferring significant risks to insurance companies is based on:

- achieving the best economic balance between risk coverage, premiums and self-insurance; and,
- the insurance available, insurance market constraints and local regulations.

Coverage is based on the "all risks except those specifically excluded" approach, determined by assessing the financial consequences for the Company of a possible claim, especially in the areas of:

- civil liability: bodily harm or property damage to third parties caused by products, fittings and equipment;
- fire, explosions, water damage, etc.;
- operating losses following direct damage.

Insurance coverage is purchased based on an assessment by site and company of the level of coverage necessary to face reasonably estimated potential occurrences of diverse risks (liability, damage and third-party retailer counterparty). This assessment takes account of the analyses of the insurers underwriting the Group's risks.

The insurance schemes now in force in the Group, which centralises most purchases of insurance policies such as property and casualty risks for subsidiaries, were taken out with the assistance of internationally recognised insurance brokers specialised in covering major risks, with reputable insurers in the industrial risk insurance sector.

Main existing insurance programmes:

- property damage from fire, explosion, floods, machine breakage, natural disasters affecting its own property: property, furnishings, equipment, merchandise, IT installations, and property for which it is responsible, as well as any resulting operating losses, for any period deemed necessary for normal business activities to resume;
- damage and loss of equipment, merchandise and / or goods in transit;
- damage resulting from theft, fraud, embezzlement, or acts of malice to valuable assets, data and / or property;
- bodily harm or property damage following construction work carried out as project owner (new buildings, renovations, refurbishments, etc.);
- liability for bodily or property damage to third parties by motorised vehicles belonging to the different companies;
- liability under general and environmental civil liability for “operating risk”, “post-delivery risk” and “risk after services rendered”, due to damages caused to third parties in the course of the Group’s business;
- non-payment of receivables by third-party retailers, particularly in the event of default or insolvency.

Other insurance contracts are taken out by Group companies to cover specific risks or to comply with local regulations.

Uninsured risks are exposures for which there is no insurance coverage offered on the insurance market, or for which the cost of available insurance is disproportionate compared to the potential benefits of the coverage.

The Kering group handles known and manageable risks given the current scientific and medical understanding in a manner consistent with other French and international industrial groups with similar types of exposures. This is one of the reasons why the Group is able to place its risks with insurers ready to deal with the unforeseeable and uncertain consequences of accidents.

Insurance coverage concerns all Group companies.

Taking out self-insurance through the Group’s reinsurance subsidiary reduces insurance costs and enhances performance because (i) frequently occurring risks are pooled within the Group and insured for an amount that is fixed per claim and (ii) exceptionally frequent claims made in a given year are covered by reinsurance.

Specific additional policies may also be taken out by certain companies or businesses or by virtue of local specificities in certain countries (occupational accidents, contributions to natural disaster funds, etc.). These are managed at the level of each company and / or country.

Additional information on risk management is provided under the heading “*traitement des risques*” on pages 241-242 of the 2017 *Document de Référence* which is incorporated by reference in this Base Prospectus.

The Issuer has not identified any further material risks since the date of the 2017 *Document de Référence*.

French Insolvency Law

The Noteholders, in respect of all Tranches in any Series, will be grouped automatically for the defence of their common interests in a Masse, as defined in Condition 11.

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

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

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

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

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

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

Risks relating to the European and global financial and economic situation

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

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

Recent developments, particularly in the eurozone, have demonstrated that there continue to be significant risks. From April 2010 to date, financial markets and credit supply have been periodically negatively

impacted by ongoing fears surrounding the large sovereign debts and/or fiscal deficits of several countries and the possibility of further downgrading of, or defaults on, sovereign debt as well as concerns about slowdown in growth and/or continuing recessions.

On 29 March 2017, the United Kingdom (**UK**) invoked Article 50 of the Lisbon Treaty and officially notified the European Union (**EU**) of its decision to withdraw from the EU. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the EU (the **article 50 withdrawal agreement**). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of EU law, and provide for continuing access to the EU single market, until the end of 2020.

It remains uncertain whether the article 50 withdrawal agreement will be finalised and ratified by the UK and the EU ahead of the 29 March 2019 deadline. If it is not ratified, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from that date. Whilst continuing to negotiate the article 50 withdrawal agreement, the UK Government has therefore commenced preparations for a ‘hard’ Brexit or ‘no-deal’ Brexit to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book on 30 March 2019. The European authorities have not provided UK firms and businesses with similar assurances in preparation for a ‘hard’ Brexit.

Due to the on-going political uncertainty with regard to the terms of the UK’s withdrawal from the EU and the structure of the future relationship, the precise impact on the business of the Issuer is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

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

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

Risks related to the structure of a particular issue of Notes

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

Fixed Rate Notes

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

Floating Rate Notes

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change

throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

As Notes may be redeemed prior to maturity, this may limit the market value and, in certain circumstances, impact the liquidity of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

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

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

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

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

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

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

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

Meeting of Noteholders, Modification and waivers

The Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a Masse, as defined in Condition 11, and a General Meeting can be held or Written Resolutions (each as defined in Condition 11 hereafter) can be taken (together, the **Collective Decisions**). The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including without limitation the modification of the Terms and Conditions. These provisions permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the General Meeting or did not consent to the Written Resolutions or Noteholders who voted in a manner contrary to the majority. Noteholders may through Collective Decisions deliberate on proposals relating to the modification of the terms and conditions of the Notes subject to the limitations provided by French law.

Taxation

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

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia formally announced its withdrawal from the participating Member States on March 7, 2016.

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

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

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

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

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

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

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

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

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

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

Specific Risks related to RMB Notes

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

RMB is not completely freely convertible at present. The government of the People's Republic of China (**PRC**) continues to regulate conversion between the RMB and foreign currencies, including the Hong Kong dollar, despite the significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions.

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

Although starting from 1 October 2016, the RMB has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC government will liberalise control over cross-border remittance of RMB in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in RMB, this may affect the overall availability of RMB outside the PRC and the ability of the Issuer to source RMB to finance its obligations under Notes denominated in RMB.

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

As a result of the restrictions by the PRC government on cross-border RMB fund flows, the availability of RMB outside the PRC is limited. While the People's Bank of China (the **PBOC**) has entered into agreements on the clearing of RMB business with financial institutions in a number of financial centres and cities, including but not limited to Hong Kong, and are in the process of establishing RMB clearing and settlement mechanisms in several other jurisdictions (the **Settlement Arrangements**), the current size of RMB-denominated financial assets outside the PRC is limited.

RMB business-participating banks do not have direct RMB liquidity support from the PBOC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, and are not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source RMB from outside the PRC to square such open positions.

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

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

Investment in RMB Notes is subject to exchange rate risks

The value of the RMB against the Hong Kong dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions, as well as many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the RMB against other currencies. The Issuer will make all payments of interest and principal with respect to the Notes in RMB, unless otherwise specified. As a result, the value of these RMB payments may vary with the changes in the prevailing exchange rates in the market place. If the value of RMB depreciates against the Hong Kong dollar or other foreign currencies, the value of the investment made by a holder of the Notes in Hong Kong dollars or any other foreign currency terms will decline.

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

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

There may be PRC tax consequences with respect to investment in the RMB Notes.

In considering whether to invest in the RMB Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholder's investment in the RMB Notes may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those RMB Notes.

Investment in RMB Notes is subject to currency risk

If RMB Currency Event is specified as being applicable in the applicable Final Terms and the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the RMB Notes as a result of RMB Inconvertibility, RMB Illiquidity or RMB Non-Transferability (each as defined in the Terms and Conditions), the Issuer shall be entitled to settle any such payment in US Dollars or another Relevant Currency (each as defined in the Terms and Conditions) on the due date at the US Dollar Equivalent (as defined in the Terms and Conditions) of any such interest or principal, as the case may be.

As a result, the value of these RMB payments may vary with the prevailing exchange rates in the marketplace. If the value of the RMB depreciates against the US Dollar or other foreign currencies, the value of a holder's investment in US Dollar or other foreign currency terms will decline.

Risks related to the market generally

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

Credit risk

An investment in the Notes involves taking credit risk on the Issuer. If the financial situation of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, and investors may lose all or part of their investment.

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

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

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by the Issuer is influenced by economic, political and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates. If the secondary market for the Notes is limited, there may be few buyers and this may reduce the relevant market price of the Notes. There can be no assurance that events in France or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect on the Notes.

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

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

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

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

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

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

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and has applied from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Future discontinuation of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR in future. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

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

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

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus (Exempt Notes). As a result, any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a Relevant Member State) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The AMF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;**
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;**
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where**

the currency for principal or interest payments is different from the potential investor's currency;

- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the Securities Act) or any U.S. State securities laws and may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Notes may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction, see "*Subscription and Sale*".

FORWARD-LOOKING STATEMENTS

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

THIRD PARTY INFORMATION

The 2017 *Document de Référence* (as defined in the section entitled "Documents Incorporated By Reference") contains (in Chapter 2 page 16) information sourced from Bain Luxury Study – Altagamma Worldwide Market Monitor, which can be found in the Market Monitor, October 2017. The Issuer confirms that all such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The 2016 *Document de Référence* (as defined in the section entitled "Documents Incorporated By Reference") contains (in Chapter 2 page 18) information sourced from Bain Luxury Study – Altagamma Worldwide Market Monitor, which can be found in the Market Monitor, October 2016. The Issuer confirms that all such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, ONE OR MORE RELEVANT DEALERS (THE STABILISING MANAGER(S)) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES.

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

PRESENTATION OF INFORMATION

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

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

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the 2017 *Document de Référence* of the Issuer in French which has previously been published and was filed with the AMF on 28 March 2018, except the third paragraph of the attestation of the person responsible for the *Document de Référence* (page 382) that refers to the Auditors' *Lettre de fin de travaux*, which does not constitute part of the 2017 *Document de Référence* incorporated in this Base Prospectus (the **2017 Document de Référence** or the **DR 2017**);
- (b) the 2016 *Document de Référence* of the Issuer in French which has previously been published and was filed with the AMF on 30 March 2017, except the third paragraph of the attestation of the person responsible for the *Document de Référence* (page 387) that refers to the Auditors' *Lettre de fin de travaux*, which does not constitute part of the 2016 *Document de Référence* incorporated in this Base Prospectus (the **2016 Document de Référence** or the **DR 2016**);
- (c) the 2018 *Rapport Semestriel* of the Issuer in French (the **RS 2018**);
- (d) the Press Release issued by the Issuer in English on 23 October 2018, relating to the Group's third quarter 2018 results;
- (e) the Press Releases issued by the Issuer in English on 9 October 2018 and 29 October 2018;
- (f) the terms and conditions of the Notes contained on pages 29 to 59 of the base prospectus dated 11 December 2012;
- (g) the terms and conditions of the Notes contained on pages 32 to 63 of the base prospectus dated 3 December 2013;
- (h) the terms and conditions of the Notes contained on pages 31 to 63 of the base prospectus dated 4 December 2014;
- (i) the terms and conditions of the Notes contained on pages 30 to 63 of the base prospectus dated 2 December 2015;
- (j) the terms and conditions of the Notes contained on pages 32 to 64 of the base prospectus dated 17 November 2016; and
- (k) the terms and conditions of the Notes contained on pages 37 to 71 of the base prospectus dated 24 November 2017.

Without prejudice to the documents expressly incorporated by reference above, the Issuer's website (www.kering.com) is not incorporated by reference in this Base Prospectus. The non-incorporated parts of the DR 2017 and the DR 2016 referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the AMF in accordance with Article 16 of the Prospectus Directive and article 212-25 of the *Règlement Général* of the AMF. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this

Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer, and from the Issuer's website (www.kering.com) and from the specified offices of the Paying Agent for the time being in Paris. This Base Prospectus (together with any Final Terms relating to Notes admitted to trading on Regulated Market and/or offered to the public in France) will also be published on the AMF's website (www.amf-france.org).

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

CROSS-REFERENCE LIST RELATING TO INFORMATION INCORPORATED BY REFERENCE

Annex IX of EC regulation No. 809/2004, as amended – Minimum disclosure requirements for the debt and derivative securities registration document	
I. RISK FACTORS	
Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	Pages 57-138, 233-242, 296-305, 364-376 DR 2017
II. PRINCIPAL ACTIVITIES	
A description of the Issuer's principal activities stating the main categories of products sold and/or services performed.	Pages 15-56 DR 2017 Pages 6-45 RS 2018
The basis for any statements made by the Issuer regarding its competitive position.	Pages 17, 25, 28, 31, 45 DR 2017
III. ORGANISATIONAL STRUCTURE	
If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.	Pages 8-13, 317-325 DR 2017
IV. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
Audited historical financial information covering the latest two financial years and the audit report in respect of each year.	Pages 265 to 370 DR 2016 Pages 243-356 DR 2017
(a) Consolidated statement of financial position (<i>Etat de la situation financière consolidée</i>);	Page 245 DR 2017 Page 267 DR 2016

<p>(b) Consolidated income statement and consolidated statement of comprehensive income (<i>Compte de résultat consolidé et état du résultat global consolidé</i>);</p>	<p>Pages 243 and 244 DR 2017 Pages 265 and 266 DR 2016</p>
<p>(c) Consolidated statement of changes in equity (<i>Variation des capitaux propres consolidés</i>);</p>	<p>Page 247 DR 2017 Page 269 DR 2016</p>
<p>(d) Consolidated statement of cash flows (<i>Etat des flux de trésorerie consolidés</i>);</p>	<p>Page 246 DR 2017 Page 268 DR 2016</p>
<p>(e) Notes to the consolidated financial statements (<i>Notes annexes aux états financiers consolidés</i>);</p>	<p>Pages 248-327 DR 2017 Pages 270-347 DR 2016</p>
<p>Unaudited interim condensed consolidated financial statements in French for the period ended 30 June 2018:</p>	
<p>(a) Kering in the first half of 2018 – Key figures; (b) Activity Report; (c) Consolidated income statement and consolidated statement of comprehensive income (<i>Compte de résultat consolidé et état du résultat global consolidé</i>) (d) Consolidated statement of financial position (<i>Etat de la situation financière consolidée</i>) (e) Consolidated statement of cash flows (<i>Tableau des flux de trésorerie consolidés</i>) (f) Consolidated statement of changes in equity (<i>Variation des capitaux propres consolidés</i>) (g) Notes to the condensed consolidated interim financial statements (<i>Notes annexes résumées aux états financiers consolidés</i>)</p>	<p>Pages 3-5 RS 2018 Pages 6-45 RS 2018 Pages 46-47 RS 2018 Page 48 RS 2018 Page 49 RS 2018 Page 50 RS 2018 Pages 51-89 RS 2018</p>
<p>XI. AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION</p>	
<p>A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.</p>	<p>Pages 328-333 and 351-354 DR 2017 Pages 348-349 and 367-368 DR 2016</p>

Annex II of EC regulation No. 809/2004, as amended – Pro forma financial information building block	
1.	
<p>The pro forma information must include a description of the transaction, the businesses or entities involved and the period to which it refers, and must clearly state the following:</p> <p>a) the purpose to which it has been prepared;</p> <p>b) the fact that it has been prepared for illustrative purposes only;</p> <p>c) the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.</p>	Page 357 DR 2017
2.	
<p>In order to present pro forma financial information, a balance sheet and profit and loss account, and accompanying explanatory notes, depending on the circumstances may be included.</p>	Pages 358 to 361 DR 2017
3.	
<p>Pro forma financial information must normally be presented in columnar format, composed of:</p> <p>a) the historical unadjusted information;</p> <p>b) the pro forma adjustments; and</p> <p>c) the resulting pro forma financial information in the final column.</p> <p>The sources of the pro forma financial information have to be stated and, if applicable, the financial statements of the acquired businesses or entities must be included in the prospectus.</p>	<p>Pages 358 to 361 DR 2017</p> <p>Page 357 DR 2017</p>
4.	
<p>The pro forma information must be prepared in a manner consistent with the accounting policies adopted by the issuer in its last or next financial statements and shall identify the following:</p> <p>a) the basis upon which it is prepared;</p> <p>b) the source of each item of information and adjustment.</p>	Page 357 DR 2017

5.	
<p>Pro forma information may only be published in respect of</p> <p>a) the current financial period;</p> <p>b) the most recently completed financial period; and/or</p> <p>c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document.</p>	<p>The most recently completed financial period</p> <p>Pages 358 to 361 DR 2017</p>
6.	
<p>Pro forma adjustments related to the pro forma financial information must be:</p> <p>a) clearly shown and explained;</p> <p>b) directly attributable to the transaction;</p> <p>c) factually supportable.</p> <p>In addition, in respect of a pro forma profit and loss or cash flow statement, they must be clearly identified as to those expected to have a continuing impact on the issuer and those which are not.</p>	<p>Pages 358 to 361 DR 2017</p>
7.	
<p>The report prepared by the independent accountants or auditors must state that in their opinion:</p> <p>a) the pro forma financial information has been properly compiled on the basis stated;</p> <p>b) that basis is consistent with the accounting policies of the issuer.</p>	<p>Page 362 DR 2017</p>

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

OVERVIEW OF THE PROGRAMME

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

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

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

Issuer: Kering

Issuer Legal Entity Identifier: 549300VGEJKB7SVUZR78

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

Description: Euro Medium Term Note Programme

Arranger: Société Générale

Dealers: BNP Paribas
Crédit Agricole Corporate and Investment Bank
Deutsche Bank AG, London Branch
HSBC Bank plc
J.P. Morgan Securities plc
Natixis
NatWest Markets Plc
Société Générale
UniCredit Bank AG

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

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply

with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

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

Programme Limit:	Up to €6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Fiscal Agent and Principal Paying Agent:	BNP Paribas Securities Services
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a Series) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a Tranche) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms to this Base Prospectus (Final Terms).
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Denomination(s):	Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or (ii) such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Dematerialised Notes shall be issued in one denomination only.

Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of " <i>Terms and Conditions of the Notes – Condition 4 (Negative Pledge)</i> ") unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by applicable law) equally with all other present or future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.
Negative Pledge:	There will be a negative pledge in respect of the Notes as set out in " <i>Terms and Conditions of the Notes – Condition 4 (Negative Pledge)</i> ".
Events of Default:	There will be events of default (including a cross-default) in respect of the Notes as set out in " <i>Terms and Conditions of the Notes – Condition 9 (Events of Default)</i> ".
Redemption Amount:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. The Final Redemption Amount specified in the Final Terms will be a minimum of 100 per cent. of the nominal value of the Notes.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and, if so, the terms applicable to such redemption.
Early Redemption:	Except as provided in " <i>Optional Redemption</i> " above and " <i>Issuer Clean-up Call Option</i> ", " <i>Residual Maturity Call Option</i> " and " <i>Make-Whole Redemption by the Issuer</i> " below, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See " <i>Terms and Conditions of the Notes – Condition 6 (Redemption, Purchase and Options)</i> ".
Issuer Clean-up Call Option:	If so specified in the relevant Final Terms, in the event that at least 80 per cent. (eighty per cent.) of the initial aggregate nominal amount of a particular Series of Notes has been redeemed or purchased and, in each case, cancelled by the Issuer, the Issuer will have the option to redeem all, but not some only, of the remaining Notes of that Series at par together with interest accrued to but excluding the date fixed for redemption.
Residual Maturity Call Option:	If so specified in the relevant Final Terms, the Issuer will have the option, at any time or from time to time, as from the Call Option Date (as specified in the relevant Final Terms), which shall be no earlier than 90 calendar days before the Maturity Date, to but excluding the Maturity Date, to redeem, in whole or in part, the Notes of that Series at par together with interest accrued to but excluding the date fixed for redemption.
Make-Whole Redemption by the Issuer:	If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer will have the option to redeem the Notes, in whole or in part, at any time in whole or in part, prior to their Maturity Date at a price including the remaining interest payment.
Change of Control Investor	If so specified in the relevant Final Terms, in the event that there is a

Put Option: Change of Control (as defined in *Terms and Conditions of the Notes – Condition 6(f)*) in relation to the Issuer, each Noteholder will have the option to require the Issuer to redeem its Notes at par prior to maturity. See *Terms and Conditions of the Notes – Condition 6 (Redemption, Purchase and Options)*.

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

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

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

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

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

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

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

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. as amended and updated as at the issue date of the first Tranche of the Notes of the relevant Series, and adjusted for any applicable margin; or

- (b) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), in each case as adjusted for any applicable margin.

Interest Periods and if applicable the Maximum Interest Rate and/or Minimum Interest Rate will be specified in the relevant Final Terms. Unless a higher rate of interest is stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

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

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

Consolidation: Notes of one Series may be consolidated with Notes of another Series as more fully provided in "*Terms and Conditions of the Notes - Condition 13 (Further Issues and Consolidation)*".

Form of Notes: Notes may be issued as either Dematerialised Notes or Materialised Notes.

Dematerialised Notes which are dealt in on a regulated market 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 fully registered (*au nominatif pur*) or administered registered (*au nominatif administré*) form. No physical documents of title will be issued in respect of Dematerialised Notes. Dematerialised Notes which are not dealt in on a regulated market will be issued in registered dematerialised form only and, at the option of the relevant Noteholder, in either fully registered (*au nominatif pur*) or administered registered (*au nominatif administré*) form. See "*Terms and Conditions of the Notes – Condition 1 (Form, Denomination(s), Title and Redenomination)*".

Materialised Notes will be in bearer materialised form (**Materialised Bearer Notes**) only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Bearer Notes. Materialised Notes may only be issued outside France.

Governing Law: French

Clearing Systems: Euroclear France as central depository in relation to Dematerialised Notes and Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer, in relation to Materialised Notes.

Initial Delivery of Dematerialised Notes: One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *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 or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer or Dealers.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Approval, Admission to trading and listing:

Application has been made to the AMF to approve this document as a base prospectus. Application may also be made for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris S.A.

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

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

Rating:

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

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

Selling Restrictions:

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

United States Selling Restrictions:

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

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

TERMS AND CONDITIONS OF THE NOTES

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

An Agency Agreement (as amended or supplemented as at the Issue Date, the **Agency Agreement**) dated 10 December 2018 has been agreed between Kering (the **Issuer**), BNP Paribas Securities Services as fiscal agent and the other agent named in it, in relation to the Notes. The fiscal agent, the paying agents, the registration agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Fiscal Agent**, the **Paying Agents** (which expression shall include the Fiscal Agent), the **Registration Agent** and the **Calculation Agent(s)**. The holders of Dematerialised Notes and Materialised Notes (each term as defined below), the holders of the interest coupons (the **Coupons**) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons (the **Talons**) for further Coupons (the **Couponholders**) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

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

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents.

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

(a) Form

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

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

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

(designated in the relevant Final Terms) acting on behalf of the Issuer (the **Registration Agent**).

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

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

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

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

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

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

(b) Denomination(s)

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

Dematerialised Notes shall be issued in one Specified Denomination only.

(c) Title

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

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

(d) Redenomination

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 14 and on or after the date on which the European Member State the national currency of which the Notes are denominated in has become a participating Member State in the third stage (or any further stage) of the European Economic and Monetary Union (as provided in the Treaty on the Functioning of the European Union, as amended from time to time (the **Treaty**)) or events have occurred which have substantially the same effects (in either case, **EMU**), redenominate all, but not some only, of the Notes of any Series into euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the **Redenomination Date**.
- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into euro using the fixed relevant national currency euro conversion rate established by the Council of the European Union pursuant to Article 109L (4) of the Treaty and rounding the resultant figure to the nearest euro 0.01 (with euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency euro conversion rate shall be rounded down to the nearest euro. The euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 14. Any balance remaining from the redenomination with a denomination higher than euro 0.01 shall be paid by way of cash adjustment rounded to the nearest euro 0.01 (with euro 0.005 being rounded upwards). Such cash adjustment will be payable in euro on the Redenomination Date in the manner notified to Noteholders by the Issuer. For the avoidance of doubt, the minimum denomination of each redenominated Note (other than an Exempt Note) shall not be less than €100,000.
- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to euro.

- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 13, without the consent of the holder of any Note, Coupon or Talon, make any changes or additions to these Conditions or Condition 13 (including, without limitation, any change to any applicable business day definition, business day convention, Principal Financial Centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holder of Notes, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 14 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

2. CONVERSION AND EXCHANGE OF NOTES

(a) Dematerialised Notes

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

(b) Materialised Notes

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

3. STATUS

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

4. **NEGATIVE PLEDGE**

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

5. **INTEREST AND OTHER CALCULATIONS**

(a) **Definitions**

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

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

Business Day means:

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

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

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

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

where

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Interest on Floating Rate Notes

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

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

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

(e) Zero Coupon Notes

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

(f) Accrual of Interest

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

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

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

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

(h) Calculations

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

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

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

(j) Linear Interpolation

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

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

(k) Calculation Agent

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

(l) Certificates to be final

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

6. REDEMPTION, PURCHASE AND OPTIONS

(a) Final Redemption

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

(b) Make-Whole Redemption by the Issuer

If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 14 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (the **Make-Whole Redemption Date**). The Optional Redemption Amount will be calculated by the Calculation Agent and will be the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Make-Whole Redemption Date) discounted to the relevant Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate (as specified in the relevant Final Terms) plus a

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

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

(c) Residual Maturity Call Option

If a Residual Maturity Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 14 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, at any time or from time to time, as from the Call Option Date (as specified in the relevant Final Terms) which shall be no earlier than 90 calendar days before the Maturity Date, until but excluding the Maturity Date, the Notes, in whole or in part, at par together with interest accrued to, but excluding, the date fixed for redemption (including, where applicable, any arrears of interest).

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

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

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

So long as the Notes are admitted to trading on Euronext Paris S.A. and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in France (which is expected to be *Les Échos*) a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

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

If an Issuer Call is specified as being applicable in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' of irrevocable notice or such other notice period as may be specified in the applicable Final Terms to the Noteholders in accordance with Condition 14, redeem all or some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed as specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed as specified in the relevant Final Terms.

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

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

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

So long as the Notes are admitted to trading on Euronext Paris S.A. and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in France (which is expected to be *Les Échos*) a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

(e) Redemption at the Option of Noteholders

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

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

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

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

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

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

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

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

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

Change of Control Period means:

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

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

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

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

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

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

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 6(f).

To exercise the Put Option to require redemption or, as the case may be, purchase of a Note under this Condition 6(f), the holder shall (i) where this Note is a Dematerialised Note transfer or cause to be transferred by its Euroclear France Account Holder its Notes to be so redeemed or purchased or (ii) where this Note is a Materialised Bearer Note deliver its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice for the account of the Issuer within the period (the **Put Period**) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent or the Registration Agent (as the case may be) (a **Put Option Notice**) and in which the holder shall specify a bank account complying with the requirements of Condition 7 to which payment is to be made under this Condition 6(f) on the fifth Business Day following the end of the Put Period (the **Optional Redemption Date**). If this Note is a Materialised Bearer Note it shall be delivered together with all Coupons and (where applicable) unexchanged Talons appertaining thereto maturing after the Optional Redemption Date, failing which, with respect to any such Coupon and if this Note is a Fixed Rate Note only, the Paying Agent will require payment of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed in the manner provided in this Condition 6(f) against presentation and surrender of the relevant missing Coupon (or any replacement of it issued pursuant to Condition 12) any time after such payment, but before the expiry of the period of five years from the Relevant Date in respect of that Coupon. The Paying Agent to which such Note is transferred/delivered and to which the Put

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

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

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

(g) Early Redemption

(i) Zero Coupon Notes

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

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

(ii) Other Notes

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

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

(h) Redemption for Taxation Reasons

- (i) If, by reason of any change in French law or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes or Coupons, not be able to make such payment without having to pay additional amounts as specified under Condition 8 and such obligation to pay additional amounts cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.
- (ii) Subject to Condition 6(g), the Notes shall be redeemed by the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 45 days' notice to the Fiscal Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:
- (A) on the occasion of the next payment of interest or principal due under the Notes or Coupons, the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts as provided or referred to in Condition 8; and
 - (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

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

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

If an Issuer Clean-up Call is specified as being applicable in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' of irrevocable notice or such other notice period as may be specified in the relevant Final Terms to the Noteholders in accordance with Condition 14, in the event that at least 80 per cent. (eighty per cent.) of the initial aggregate nominal amount of a particular Series of Notes has been redeemed or purchased and, in each case, cancelled at the time of such election by the Issuer, redeem all, but not some only, of the remaining Notes of that Series at par together with interest accrued to but excluding the date fixed for redemption.

(j) Purchases

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

Unless the possibility of holding and reselling is expressly excluded in the relevant Final Terms, all Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-0-1 and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes

(k) Cancellation

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

(l) Illegality

If, by reason of any change in French law, or any change in the official application of such law, becoming effective after the Issue Date, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

7. PAYMENTS AND TALONS

(a) Dematerialised Notes

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

(b) Materialised Bearer Notes

(i) Method of payment

Subject as provided below:

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

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

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

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

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

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

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

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

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

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

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

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

(d) Payments Subject to Fiscal Laws

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

(e) Appointment of Agents

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

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

Notice of any change in Paying Agents or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 14.

(f) Talons

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

(g) Business Days for Payment

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

(h) Bank

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

(i) Payments in RMB

(i) RMB Currency Event

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

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

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

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

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

For the purpose of this Condition:

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

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

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

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

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

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

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

RMB Note means a Note denominated in RMB;

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

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

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

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

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

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

(ii) *RMB account*

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

8. TAXATION

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

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

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

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

amendment or supplement to it and (C) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

9. EVENTS OF DEFAULT

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

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

10. PRESCRIPTION

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

11. REPRESENTATION OF NOTEHOLDERS

The Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a Masse which will be governed by provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-65 II, R.228-67 and R.228-69 of the French *Code de commerce*, and as supplemented by this Condition 11:

- (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 collective decisions of the Noteholders (the **Collective Decisions**).

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 names and addresses of the initial Representative of the Masse and its alternate, if any, 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. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

In the event of death, liquidation, retirement, resignation or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, liquidation, retirement, resignation or revocation of appointment of the alternate Representative, if any, an alternate will be appointed by Collective Decisions.

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

(iii) Powers of Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

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

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

(iv) Collective Decisions

Collective Decisions are adopted either in a general meeting (the **General Meeting**) or by consent following a written consultation (the **Written Resolutions**) (as further described in Condition 11(iv)(B) below).

In accordance with Article R. 228-71 of the French *Code de commerce*, the right of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00 Paris time, on the second business (2nd) day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 14(d).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

(A) 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 (1/30) 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 (2) months after such demand, the Noteholders may commission one of their members to petition a competent court to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published not less than fifteen (15) calendar days prior to the date of such General Meeting on first convocation, and ten (10) calendar days on second convocation. All notices and decisions relating to General Meetings will be published in accordance with the provisions set forth in Condition 14(d).

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

Each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence or by videoconference or by any other means of telecommunication allowing the identification of participating Noteholders. Each Note carries the right to one vote.

(B) Written Resolutions and Electronic Consent

Pursuant to Article L. 228-46-1 of the French *Code de commerce*, but in respect of any Series of Dematerialised Notes only, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the Noteholders by way of a Written Resolution. Subject to the following sentence, a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Pursuant to Articles L. 228-46-1 and R. 223-20-1 of the French *Code de commerce*, approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders (**Electronic Consent**).

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published not less than ten (10) calendar days prior to the date fixed for the passing of such Written Resolution (the **Written Resolution Date**). Notices seeking the approval of a Written Resolution will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will irrevocably undertake not to dispose of their Notes until after the Written Resolution Date.

All notices and decisions relating to Written Resolutions will be published in accordance with the provisions set forth in Condition 14(d).

For the purpose hereof, a **Written Resolution** means a resolution in writing signed by the holders of not less than ninety (90) per cent. in nominal amount of the Notes outstanding.

(v) Expenses

The Issuer will pay all expenses relating to the operation of the Masse and, more generally, all administrative expenses resolved upon by the Collective Decisions or in writing by the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(vi) 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 13, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Series of Notes issued will be the Representative of the single Masse of all such Series.

(vii) Sole Noteholder

If and for so long as the Notes of any Series are held by a sole Noteholder and unless a Representative has been appointed in relation to such Series, such Noteholder shall exercise all the powers, rights and obligations entrusted to the Masse by the provisions of the French *Code de commerce*, as supplemented by this Condition 11. The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of all or part of the Notes of such Series.

(viii) Notice to Noteholders

Any notice to be given to Noteholders in accordance with this Condition 11 shall be given in accordance with Condition 14(d).

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

12. **REPLACEMENT OF DEFINITIVE NOTES, COUPONS AND TALONS**

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

otherwise as the Issuer may require. Mutilated or defaced Definitive Materialised Bearer Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. FURTHER ISSUES AND CONSOLIDATION

(a) Further Issues

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

(b) Consolidation

Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 14, without the consent of the Noteholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

14. NOTICES

- (a) Subject as provided in Condition 14(c) below, notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*).
- (b) Subject as provided in Condition 14(c) below, notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form shall be valid if published (a) as long as such Notes are admitted to trading on Euronext Paris, S.A. in a daily leading newspaper of general circulation in France (which is expected to be *Les Echos*) or (b) in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the *Autorité des marchés financiers*. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (c) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to the Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 14(a) and (b) above; except that so long as the Notes are admitted to trading on Euronext Paris S.A. and its rules so require, notices shall also be published in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*).

- (d) Notices relating to Collective Decisions pursuant to Condition 11 and pursuant to Articles R. 228-79 and R. 236-11 of the French *Code de commerce* shall be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared and on the website of the Issuer (www.kering.com). For the avoidance of doubt, Conditions 14(a) to (c) shall not apply to such notices.

15. GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES

Temporary Global Certificates

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

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

Exchange

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

Delivery of Definitive Materialised Bearer Notes

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

Exchange Date

Exchange Date means, in relation to a Temporary Global Certificate, the day falling after the expiry of 40 days after its issue date, provided that, in the event any further Materialised Notes of the relevant Series are issued prior to such day pursuant to Condition 13(a), the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 days after the issue of the Temporary Global Certificate in respect of further Materialised Notes.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes, as may be more specifically set out in the Final Terms.

DESCRIPTION OF KERING

Detailed information in relation to **Kering** is contained in the documents referred to in "Documents incorporated by reference" on page 29 of this Base Prospectus.

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

INTRODUCTION

Kering is a *société anonyme* (a form of limited liability company) established under French law and is registered with the *Registre du Commerce et des Sociétés de Paris* under reference number 552 075 020. Its registered office is at 40 rue de Sèvres, 75007, Paris, France. The telephone number of its registered office is (+33) (0)1 45 64 61 00.

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

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

SHAREHOLDERS

As of 31 October 2018:

- Groupe Artémis, a company wholly owned by Financière Pinault, itself controlled by the Pinault family, held 40.9% of Kering's share capital and 57.6% of Kering's voting rights;
- The public held 58.9% of Kering's share capital and 42% of Kering's voting rights;
- Kering's employees held 0.2% of Kering's share capital and 0.4% of Kering's voting rights.

CORPORATE GOVERNANCE AND SHARE CAPITAL

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

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

Name, surname, professional address and age	Title / Principal activities performed outside the Issuer	Date of appointment and date of expiry of term of office
François-Henri Pinault 40, rue de Sèvres 75007 Paris 56 years old	Chairman of the Board of directors and Chief Executive Officer	From 27 April 2017, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2020
Patricia Barbizet Temaris 40, rue François 1 ^{er} 75008 Paris	Vice-Chairman of the Board of directors	From 27 April 2017, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2020

Name, surname, professional address and age	Title / Principal activities performed outside the Issuer	Date of appointment and date of expiry of term of office
63 years old Jean-François Palus 40, rue de Sèvres, 75007 Paris 57 years old	Member of the Board of directors, Group Managing Director	From 27 April 2017, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2020
Sophie L'Helias 56 avenue Paul Doumer, 75116 Paris 55 years old	Member of the Board of directors Founder of Leaderxxchange in the US	From 29 April 2016, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2019
Yseulys Costes 1000mercis 28 rue de Châteaudun 75009 Paris 45 years old	Member of the Board of directors CEO, Numberly 1000mercis group	From 26 April 2018 Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2021
Jean-Pierre Denis Groupe ARKEA 1 rue Louis-Lichou 29480 Le Relecq Kerhuon 58 years old	Member of the Board of directors Chairman, Credit Mutuel de Bretagne and Credit Mutuel Arkea	From 29 April 2016, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2019
Sapna Sood Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom 45 years old	Member of the Board of directors Director International Clients & Market Development Compass	From 29 April 2016, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2019
Baudouin Prot BNP Paribas, 3, rue d'Antin 75002 Paris 67 years old	Member of the Board of directors	From 27 April 2017, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2020
Daniela Ricardi Baccarat 11, place des Etats-Unis 75116 Paris 58 years old	Member of the Board of directors Chief Executive Officer of Baccarat	From 26 April 2018, Until the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2021
Ginevra Elkann Asmara Films Via Giuseppe Sacconi 4/B 00196- Roma, Italy	Member of the Board of directors President of Asmara Films	From December 2018, Cooptation to be ratified by the shareholders' meeting deciding on the accounts for the financial year ending 31 December 2018
Claire Lacaze 40, rue de Sèvres 75007 Paris	Member of the Board of directors (representing employees)	From 12 July 2018 Appointed by works counsel for duration of 4 years

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

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

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

There are four specialised committees of the Board (Audit, Remuneration, Nomination and Sustainability Committees).

The following directors serve on the Audit Committee: Jean-Pierre Denis (Chairman), Patricia Barbizet, Sophie L'Hélias and Yseulis Costes.

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

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

Compliance with AFEP-MEDEF recommendations on corporate governance

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

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

The Issuer's Share Capital

As of 7 December 2018, the Issuer's issued share capital was €505,117,288 divided into 126,279,322 ordinary shares of par value €4 each.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement dated 10 December 2018 (such Programme Agreement as modified and/or supplemented and/or restated from time to time (the **Programme Agreement**) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

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

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

Selling Restrictions

France

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

United States

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

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

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

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

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

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (b) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are offered as contemplated in this Base Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

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

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

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

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the 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 any Notes in, from or otherwise involving the United Kingdom.

Italy

Unless it is specified within the relevant Final Terms that a non-exempt offer may be made in Italy, the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

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

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

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree n°. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Japan

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

The PRC

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

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**SFO**) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; 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 SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, 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 the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the 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 the Notes, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in the Securities and Futures Act (Chapter 289) of Singapore (as amended from time to time, the SFA)) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) under Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA 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.

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

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

securities or securities-based derivative contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

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

General

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

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

TAXATION

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

This general description is based upon the law in effect on the date of this Base Prospectus and is subject to any change in law and/or interpretation hereof that may take effect after such date (potentially with retroactive effect).

France

Withholding taxes on payments made outside France

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

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts* unless such payments are made outside France in certain non-cooperative States or territories (*Etats ou territoires non coopératifs*) within the meaning of Article 238-0 A of the *Code général des impôts* (a **Non-Cooperative State or Non-Cooperative States**). If such payments under the Notes are made outside France in certain Non-Cooperative States, a 75 per cent. withholding tax will be applicable by virtue of Article 125 A III of the *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on a bank account held with a financial institution established in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the *Code général des impôts*, at a rate of (i) 12.8 per cent. for payments benefiting individuals who are not French tax residents, (ii) 30 per cent. (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents or (iii) 75 per cent. for payments made outside France in certain Non-Cooperative States (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the *Code général des impôts* nor the Deductibility Exclusion will apply in respect of an issue of Notes if the Issuer can prove that the main purpose and effect of such issue of Notes was not that of allowing the payments of interest and other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411.1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an **equivalent offer** means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a French or foreign regulated market or 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 any 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 delivery and payment systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Withholding taxes on payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A I of the *Code général des impôts*, where the paying agent (*établissement payeur*) is established in France and subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8 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 at an aggregate rate of 17.2 per cent. on such interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

FORM OF FINAL TERMS

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

[Date]

[The following legend is to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.] **[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.]

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.

Kering

Legal Entity Identifier (LEI): 549300VGEJKB7SVUZR78

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €6,000,000,000
Euro Medium Term Note Programme**

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 10 December 2018 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s]] a base prospectus for the purposes of Directive 2003/71/EC as amended (the **Prospectus Directive**) (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Issuer's website at www.kering.com and the AMF's website at www.amf-france.org.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [11 December 2012 / 3 December 2013 / 4 December 2014 / 2 December 2015/ 17 November 2016 / 24 November 2017] which are incorporated by reference in the Base Prospectus dated 10 December 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 10 December 2018 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s]] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 10 December 2018. The Base Prospectus has been published on the Issuer's website at www.kering.com and on the AMF's website at www.amf-france.org.

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

1. (a) Series Number: [●]
- (b) Tranche Number: [●]
- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on or about *[date which is 40 days after the Issue Date]*] [Not Applicable]
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount:
 - (a) Series: [●]
 - (b) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
5. (b) Specified Denomination(s): [●] (*one denomination only for Dematerialised Notes*)
- (c) Calculation Amount: []

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

6. (a) Issue Date: [●]
- (b) Interest Commencement Date (if different from the Issue Date): [*specify*/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [*Specify date or for Floating rate notes - Interest Payment Date falling in or nearest to specify month and year*]
8. Interest Basis: [[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR/*specify reference rate*]
+/- [●] per cent. Floating Rate]
[Zero Coupon]
- (further particulars specified below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100 per cent. of their nominal amount] [*insert in the case of Notes other than Zero Coupon Notes*]/[[] per cent. of their nominal amount] [*insert percentage in the case of Zero Coupon Notes to be redeemed at a percentage other than 100 per cent.*].
- (NB: The Final Redemption Amount specified in respect of any Notes shall be a minimum of 100 per cent. of the nominal value of the Notes.)*
10. Change of Interest Basis: [*Specify the date where any fixed to floating rate change occurs or cross ref to paragraphs 13 and 14 below and identify there*] [Not Applicable]
11. Put/Call Options: [Not Applicable]
[Issuer Call]
[Investor Put (Change of Control)]
[Investor Put]
[Make-Whole Redemption by the Issuer]
[Residual Maturity Call Option]
[Issuer Clean-up Call Option]
[*further particulars specified below*)]
12. Date(s) of corporate authorisation(s) for issuance of Notes: [●] [and [●], respectively]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-*

paragraphs of this paragraph)

- (a) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [●] in each year
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount[(s)]: [[●] per Calculation Amount/Not Applicable]
(In the case of RMB Notes, this item will always be specified as not applicable)
- (d) Broken Amounts: [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (e) Day Count Fraction (Condition 5(a)): [30/360] [Actual/Actual ICMA]
[Actual/Actual (ISDA)] [Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360]
[30E/360]
[30E/360 (ISDA)]
[Not Applicable] *(specify not applicable in the case of RMB Notes)*
- (f) Determination Date(s) (Condition 5(a)): *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative) in each year]*

14. Floating Rate Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro)

- (a) Specified Period(s)/Specified Interest Payment Dates: [●]
- (b) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)][Not Applicable]
- (c) Additional Business Centre(s) (Condition 5(a)): [●]

- (d) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Interest Period Date(s): [Not Applicable/●]
- (f) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent:): [●]
- (g) Screen Rate Determination (Condition 5(d)(iii)(B)):
- Reference Rate and Relevant Financial Centre: [●] month
(LIBOR/EURIBOR/specify other Reference Rate)

Relevant Financial Centre: [London / Brussels / specify other Relevant Financial Centre]
 - Relevant Time: [●]
 - Interest Determination Date(s): [[●] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
 - Relevant Screen Page: [Specify relevant screen page or "Reference Banks"]

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

- (h) ISDA Determination
5(c)(iii)(a):
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period).

(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)

- ISDA Definitions: (if different from those set out in the Conditions): [●]

- (i) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (j) Margin(s): [+/-][●] per cent. per annum
- (k) Minimum Rate of Interest: [●/0] per cent. per annum
- (l) Maximum Rate of Interest: [●] per cent. per annum
- (m) Day Count Fraction (Condition 5(a)): [Actual/Actual (ISDA)]
[Actual/Actual (ICMA)]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]
[Bond Basis]
- (n) Rate Multiplier: [●]

15. Zero Coupon Note Provisions [Applicable/Not Applicable]

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

- (a) Amortisation Yield (Condition 6(g)(i)): [●] per cent. per annum
- (b) Reference Price: [●]

- (c) Day Count Fraction in relation to Early Redemption Amounts (Condition 5(a)): [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Issuer Call [Applicable/Not Applicable]

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

- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount [] per Calculation Amount
- (c) If redeemable in part: [●]
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (d) Description of any other Issuer's option: [●]
- (e) Notice period (if other than as set out in the Conditions): []

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

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

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

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

18. Investor Put [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) [Option Exercise Date(s): [●]]
- (d) Description of any other Noteholders' option: [●]
- (e) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
19. Investor Put (Change of Control) [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing systems business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
20. Final Redemption Amount [●] per Calculation Amount
21. Make-Whole Redemption by the Issuer [Applicable/Not Applicable]

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

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

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

- (b) Redemption Rate [●]

- (c) Redemption Margin [●]

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

22. Residual Maturity Call Option

[Applicable/Not Applicable]

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

- (a) Call Option Date: []

- (b) Notice period: []

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

23. Early Redemption Amount

- (a) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 6(h)), for illegality (Condition 6(l)) or an Event of Default (Condition 9): [●] per Calculation Amount

(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

- (b) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(h)): [Yes/No]
- (c) Unmatured Coupons to become void upon early redemption (Materialised Bearer Notes only) (Condition 7(b)): [Yes/No/Not applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Forms of Notes: [Dematerialised Notes/Materialised Notes]
(Materialised Notes are only in bearer form)
[Delete as appropriate]
- (a) Form of Dematerialised Notes: [Not Applicable/if Applicable specify whether]
[Bearer dematerialised form (au porteur)/Registered dematerialised form (au nominatif)]
(Note that where there is no central depository, Notes must be in registered dematerialised form)
- (b) Registration Agent: [Not Applicable/if Applicable give name and address] *(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)*
- (c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the **Exchange Date**), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]
25. Additional Financial Centre(s) (Condition 7(g)): [Not Applicable/Give details].
(Note that this paragraph relates to the date of payment, and not end dates of interest periods for the purposes of calculating the amount of interest,, to which sub-paragraphs 15(c) relates)
26. Talons for future Coupons to be attached to Definitive Notes: [Yes as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made / No /Not Applicable.
(Only applicable to Materialised Notes)
27. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]
28. Consolidation provisions: [Not Applicable/The provisions [in Condition

13(b)] apply]

29. Purchase in accordance with Article L.213-0-1 and D.213-1 A of the French *Code monétaire et financier*: [Applicable / Not Applicable]
30. Exclusion of the possibility to request identification information of the Noteholders as provided by Condition 1(a)(i): [Applicable] (*Specify “Applicable” only if the possibility to request identification information of the Noteholders as provided by Condition 1(a)(i) is not contemplated*)[Not Applicable]
31. *Masse* (Condition 11): [Name and address of the Representative: [●]]
- Name and address of the alternate Representative: [●]]
- [The Representative will receive no remuneration/The Representative will receive a remuneration of [●]]
- [If the Notes are held by a sole Noteholder, insert the wording below:*
- As long as the Notes are held by a sole Noteholder, it shall exercise all rights and obligations assigned by law to the Representative and the general meeting of the Noteholders. A Representative will be appointed as soon as the Notes are held by several Noteholders.]
32. RMB Provisions:
- (a) RMB Currency Event: [Applicable / Not Applicable]
(As referred to under Condition 7(i))
- (b) Relevant Currency for Condition 7(i): [●] / [Not Applicable]
- (c) Relevant Spot Rate Screen Pages for Condition 7(i): (*For U.S. dollars, use Reuters Screen Page TRADCNY and Reuters Screen Page TRADNDF, respectively.*)
- (i) Relevant Spot Rate Screen Page (Deliverable Basis): [●] [Not Applicable]
- (ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [●] [Not Applicable]
- (d) Party responsible for calculating the Spot Rate for Condition 7(i): [*give name* (the **Calculation Agent**)] [Not Applicable]

[THIRD PARTY INFORMATION

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

Signed on behalf of the Issuer:

By:

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be listed and admitted to trading on Euronext Paris S.A. with effect from [●].]
[Not Applicable]

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

- (b) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings:

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

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

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

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

4. YIELD (FIXED RATE NOTES ONLY)

Indication of yield: [●]

5. HISTORIC INTEREST RATES (Floating Rate Notes only)

- (a) Historic Interest Rate: Details of historic [LIBOR/EURIBOR/*replicate other as specified in the Conditions*] rates can be obtained from [Reuters].
- (b) Benchmarks: [Not Applicable] / [[Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●],[●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**).]
- [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorization or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

6. OPERATIONAL INFORMATION

- (a) ISIN: [●]
- (b) Common Code: [●]
- (c) Depositories:
- (i) Euroclear France to act as Central Depository [Yes/No]
- (ii) Common Depository for Euroclear and Clearstream [Yes/No]
- (d) Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (e) Delivery: Delivery [against/free of] payment
- (f) Names and addresses of additional Paying Agent(s) (if any): [●]

7. DISTRIBUTION

- (a) If syndicated, names of Managers: [Not Applicable/*give names*]
- (b) Date of [Subscription] Agreement: [Not Applicable/*give date*]
- (c) Stabilising Manager (if any): [Not Applicable/*give name*]
- (d) If non-syndicated, name of relevant [Not Applicable/*name*]

Dealer:

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

[TEFRA C/TEFRA D/TEFRA Not Applicable]

(Note that TEFRA rules do not apply to Notes issued in registered form (as defined by US tax law) which would include French law Dematerialised Notes.)

- (f) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared “Applicable” should be specified.)

GENERAL INFORMATION

Approval, listing and admission to trading

Application has been made to the AMF to approve this document as a base prospectus. Application may be made to Euronext Paris S.A. for the period of 12 months from the date of this Base Prospectus for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris S.A. and any other Regulated Market of a Member State of the EEA, as the case may be.

Authorisation

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

With respect to the issuance of Notes under the Programme which constitute *obligations* (a) pursuant to Article L.228-40 of the French *Code de commerce*, the *Conseil d'administration* (Board of Directors) of a *société anonyme* is authorised to decide on the issuance of *obligations* (non-convertible bonds) save if the *statuts* (articles of incorporation) reserve such authority to the general shareholders meeting or if the general shareholders meeting has decided otherwise, (b) the *statuts* of the Issuer contain no restrictions on the authority of the *Conseil d'administration* to issue *obligations* and the Issuer's General Shareholders Meeting has not decided otherwise, and (c) by a resolution passed on 12 February 2018 the *Conseil d'administration* (Board of Directors) delegated the authority to either the *Directeur Général* (CEO) or the *Directeur Général Délégué* (Deputy CEO) in their capacity as *Directeur Général* and *Directeur Général Délégué* respectively of the Issuer, to negotiate the updating of the Programme and to decide on the issue of any non-convertible notes (*obligations*) pursuant to the Programme or on a stand-alone basis up to an amount of Euro 1,900,000,000 for a period of one year from the date of the resolution. The Board of Directors also granted either the *Directeur Général* or the *Directeur Général Délégué* the power to delegate such authority.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since the date of the last financial statements as at 30 June 2018 as filed with the AMF, transmitted by a primary information provider and published on the Issuer's website (www.kering.com) on 26 July 2018. There has been no material adverse change in the prospects of the Issuer since the date of its last financial statements as at 31 December 2017.

Litigation

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

Outstanding Notes

As of 31 October 2018 the total principal amount of outstanding bonds under the Programme is €2,840,000,000. Information relating to outstanding Series of Notes issued by Kering appears under the section « Debt Financing » on the Issuer's website (www.kering.com).

US

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

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

Clearing Systems

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

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

The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of Euroclear France is 66 rue de la Victoire, 75009 Paris, France.

Auditors

The consolidated financial statements of the Issuer as of 31 December 2016 and 2017 and for the two years then ended, incorporated by reference in this Base Prospectus, have been audited by Deloitte & Associés and KPMG Audit department of KPMG S.A., independent public registered accounting firms, as stated in their reports incorporated by reference herein.

The condensed interim consolidated financial statements of the Issuer for the period ended 30 June 2018, incorporated by reference in this Base Prospectus, have been reviewed by Deloitte & Associés and KPMG Audit department of KPMG S.A., independent public registered accounting firms, as stated in their reports incorporated by reference herein.

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

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

Documents available

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

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

- (c) each Final Terms for Notes that are admitted to trading on Euronext Paris S.A. or any other stock exchange of a Member State of the EEA;
- (d) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus;
- (e) the most recently published consolidated audited financial statements of the Issuer in respect of the two most recent financial years in French and the most recently published unaudited interim financial statements (if any) of the Issuer in French, in each case together with any audit or review reports prepared in connection therewith.

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

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

Conditions for determining price

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

Yield of Fixed Rate Notes

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

Conflicts of interest

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

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect

of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

RESPONSIBILITY FOR THE BASE PROSPECTUS

Individual assuming responsibility for this Base Prospectus

In the name of the Issuer

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

Kering
40, rue de Sèvres
75007 Paris
France

Represented by

Executed in Paris on 10 December 2018



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. 18-556 on 10 December 2018. 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 exhaustive and comprehensible, and whether the information it contains is consistent". It does not imply that the AMF has approved the appropriateness of the transaction or authenticated the accounting and financial information presented herein. Pursuant to Article 212-32 of the General Regulations (*Règlement général*) of the AMF, this document may only be used for the purposes of a financial transaction if completed by Final Terms.

ISSUER

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France

ARRANGER

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France

DEALERS

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London NW1 6AA
United Kingdom

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12, place des Etats-Unis
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92547 Paris Montrouge Cedex
France

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Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

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

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

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France

NatWest Markets Plc
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United Kingdom

Société Générale
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75009 Paris
France

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Arabellastrasse 12
D-81925 Munich
Germany

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