



Valeo

Euro 2,000,000,000

Euro Medium Term Note Programme

Due from one month from the date of original issue

Under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus (the "**Base Prospectus**"), Valeo, *société anonyme* (the "**Issuer**" or "**Valeo**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 2,000,000,000 (or the equivalent in other currencies at the date of issue of any Notes).

Application has been made to the *Autorité des marchés financiers* (the "**AMF**") for approval of this Base Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements Directive 2003/71/EC of the Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**"). This Base Prospectus received the visa no. 12-166 on 13 April 2012 from the AMF. Application may be made (i) to the regulated market of NYSE Euronext in Paris ("**Euronext Paris**") during the period of twelve (12) months from the date of this Base Prospectus for Notes issued under the Programme to be admitted to trading on Euronext Paris and/or (ii) to the listing authority of any other Member State of the European Economic Area ("**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 is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments (a "**Regulated Market**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be determined based on then prevailing market conditions and will be set forth in the final terms (the "**Final Terms**") (a form of which is contained herein). The Final Terms will, with respect to Notes to be listed and admitted to trading on Euronext Paris, be delivered to Euronext Paris and the Final Terms related to Notes admitted to trading on any Regulated Market of the EEA will be published on the website of the AMF (www.amf-france.org).

This Base Prospectus shall, for the purpose of Notes listed and admitted to trading on Euronext Paris and/or any other Regulated Market in a Member State of the EEA, be updated annually.

In the case of any Notes which are to be admitted to trading on a Regulated Market within the EEA and/or offered to the public in a Member State of the EEA which requires the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

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

This Base Prospectus supersedes and replaces the base prospectus dated 13 April 2011 and all supplements to the Base Prospectus thereto (each a "**Supplement**") and shall be in force for a period of one (1) year as of the date of this Base Prospectus.

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

Dematerialised Notes may, at the option of the Issuer, be (i) in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination") including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or (ii) 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 (*nominatif pur*), in which case they will be inscribed either 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 (*nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholders.

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 subsequently 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 fortieth (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 U.S. beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche (as defined in "General Description of the Programme") intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

The long term debt of the Issuer has been rated "Baa3, stable outlook" and its short term debt "P-3, stable outlook" on May 3, 2011 by Moody's Investors Service ("**Moody's**"). Such rating and outlook were confirmed by Moody's on March 15, 2012.

Notes issued under the Programme may be rated or unrated. The rating of the Notes, if any, will be specified in the relevant Final Terms. Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organisation. Moody's Investors Service is a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europa.eu). Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to Notes issued under the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency without notice.

Notes issued under the Programme have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and will be offered outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of certain restrictions on offers, sales, resales and transfers see “Subscription and Sale - Selling Restrictions”.

See “Risk Factors” for a discussion of certain factors which should be considered by prospective investors in connection with any investment in any of the Notes issued under the Programme.

This Base Prospectus and the documents incorporated by reference will be made available on the websites of the AMF (www.amf-france.org) and the Issuer (www.valeo.com).

BNP PARIBAS	Arrangers	HSBC
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	Dealers	BNP PARIBAS
CITIGROUP		CREDIT AGRICOLE CIB
CM CIC		DEUTSCHE BANK
HSBC		J.P. MORGAN
MITSUBISHI UFJ SECURITIES INTERNATIONAL PLC		NATIXIS
SOCIETE GENERALE CORPORATE & INVESTMENT BANKING		

The date of this Base Prospectus is 13 April 2012

This Base Prospectus, together with supplements to this Base Prospectus from time to time, comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as defined below.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus (see “Documents Incorporated by Reference” below), and may only be used for the purpose for which it has been published. In relation to each separate issue of Notes, the final offer price and the amount of such Notes will be determined by the Issuer and the relevant Dealers in accordance with prevailing market conditions at the time of issue of the Notes and will be set out in the relevant Final Terms.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arrangers (each as defined in “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries (*filiales*) taken as a whole (the “**Group**”) since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change 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 Arrangers to inform themselves about and to observe any such restriction.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND INCLUDE MATERIALISED NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED, SOLD OR, IN THE CASE OF MATERIALISED NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS.

For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale” below.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers or the Arrangers to subscribe for, or purchase, any Notes.

This Base Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State,

from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so:

(i) 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, or

(ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer.

Except to the extent sub-paragraph (ii) above may apply, 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 expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The Arrangers and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The contents of this Base Prospectus are not to be construed as legal, business or tax advice. Each potential purchaser of Notes should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Dealers or the Arrangers 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 Arrangers.

In connection with the issue of any Tranche of Notes, one or more Dealers may act as stabilising manager(s) (the "**Stabilising Manager(s)**"). The identity of the Stabilising Manager(s) (or persons acting on the behalf of any Stabilising Manager(s)) will be disclosed in the relevant Final Terms. The Stabilising Manager(s) (or any person acting on the behalf of the Stabilising Manager(s)) may over-allot Notes, or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on the behalf of the Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche of Notes and sixty (60) days

after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the lawful currency of the participating Member States of the European Union which was introduced on 1 January 1999, references to “£”, “pounds sterling”, “GBP” and “Sterling” are to the lawful currency of the United Kingdom, references to “\$”, “USD” and “U.S. Dollars” are to the lawful currency of the United States of America, references to “¥”, “JPY”, “Japanese yen” and “Yen” are to the lawful currency of Japan, references to “Swiss francs” or “CHF” are to the lawful currency of the Helvetic Confederation and references to “Renminbi” or “RMB” mean Renminbi Yuan and are to the lawful currency of the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan (the “PRC”).

In this Base Prospectus, any discrepancies in any table between totals and the sums of the amounts listed in such table are due to rounding.

TABLE OF CONTENTS

RISK FACTORS	7
GENERAL DESCRIPTION OF THE PROGRAMME	16
DOCUMENTS INCORPORATED BY REFERENCE	26
SUPPLEMENT TO THE BASE PROSPECTUS	29
TERMS AND CONDITIONS OF THE NOTES	30
TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES.....	64
USE OF PROCEEDS.....	65
DESCRIPTION OF VALEO	66
TAXATION	67
SUBSCRIPTION AND SALE	71
PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING ON AN EEA REGULATED MARKET	76
GENERAL INFORMATION.....	93
PERSON RESPONSIBLE FOR BASE PROSPECTUS.....	96

RISK FACTORS

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

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons than those identified in the statements below. The Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including any Documents Incorporated by Reference herein (as further described in "Documents Incorporated by Reference" below), and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Issuer prior to investing in Notes issued under the Programme.

1. Risk factors relating to the Issuer

The risk factors relating to the Issuer and its activity are set out in particular in pages 51 to 61 of the *Document de Référence* of the Issuer for the year ended 31 December 2011 incorporated by reference into this Base Prospectus, as set out in the section "Documents Incorporated by Reference" of this Base Prospectus and include the following:

- operational risks, including (i) risks associated with the automotive equipment industry, (ii) risks related to the marketing of vehicle models produced, (iii) risks related to new product development, (iv) supplier risks and (v) political, economic or social instability risks;
- environmental risks and industrial risks (technological and natural risks);
- legal risks, including (i) intellectual property risks (patents), (ii) risks related to product and service liability and (iii) claims, litigation, governmental, legal and arbitration proceedings;
- market risks, including (i) currency risks, (ii) raw material risks, (iii) interest rate risk, and (iv) share risks;
- liquidity risks; and
- credit and counterparty risks, including (i) customer credit risk, (ii) credit risk on financial instruments and (iii) counterparty risk.

2. Risk factors relating to the Notes

The following paragraphs describe some risk factors that are material to the Notes to be offered and/or admitted to trading in order to assess the market risk associated with these Notes. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular series of Notes and the suitability of investing in the Notes in light of their particular circumstances. These risk factors may be completed in the Final Terms of the relevant Notes for a particular issue of Notes.

2.1 The Notes may not be a suitable investment for all investors

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable Supplement to this Base Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- (iii) have 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 prospective investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

2. *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 prospective investors. Set out below is a description of the most common of such features.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of early redemption is often provided for bonds or notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in France and as a result of the entry into force of the EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments is described under "Terms and Conditions - Taxation" and "Taxation"; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

Interest rate risk on Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds

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

Holders of Subordinated Notes face a significantly increased risk that the Notes will not perform as anticipated

In the event of any insolvency or liquidation of the Issuer, holders of Subordinated Notes would receive payments on any outstanding Subordinated Notes only after senior Noteholders and other senior creditors have been repaid in full, if and to the extent that there is still cash available for those payments. Thus, holders of Subordinated Notes generally face a higher performance risk than holders of senior Notes.

Structured Notes

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.

Investments in Index Linked Interest Notes entail significant risks and may not be appropriate for investors lacking financial expertise

An investment in Index Linked Interest Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Index Linked Interest Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. These risks include, among other things, the possibility that:

- such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer through the Issuer at the same time;
- the repayment of principal can occur at times other than that expected by the investor;
- the holder of an Index Linked Interest Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Interest Note;
- the risks of investing in an Index Linked Interest Note encompasses both risks relating to the underlying indexed securities or commodities and risks that are unique to the Note itself;
- any Index Linked Interest Note that is indexed to more than one type of underlying asset, or on formulae that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Interest Notes; and
- a significant market disruption could mean that the index on which the Index Linked Interest Notes are based ceases to exist.

In addition, the value of Index Linked Interest Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Interest Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate or other index, including the volatility of the applicable currency, commodity, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock or interest rate index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Interest Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks or interest rate indices should not be taken as an indication of future performance of such currencies, commodities, stock, interest rate or other indices during the term of any Index Linked Interest Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Interest Notes.

The credit ratings assigned to the Issuer's Programme or the Notes are a reflection of the credit status of the Issuer, and in no way are a reflection of the potential impact of any of the factors discussed above, or any other factors, on the market value of any Index Linked Interest Note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in Index Linked Interest Notes and the suitability of such Notes in light of their particular circumstances.

Various transactions by the Issuer could impact the performance of any Index Linked Interest Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Interest Notes.

Partly-Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing some or all of his investment.

Notes issued at a substantial discount or premium

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

2.3 Risks related to the Notes generally

Set out below is a brief description of certain risks related to the Notes generally.

Modification of the Conditions

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. The Terms and Conditions permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority. The General Meeting may deliberate on any proposal relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 11.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify 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 on behalf of France or any authority therein or thereof having power to tax, the Issuer may, and in certain circumstances must, redeem all outstanding Notes in accordance with the “Terms and Conditions of the Notes”.

Change of law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to French law or administrative practice after the date of this Base Prospectus.

EU Savings Directive

The EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the “**Directive**”) requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to (or under circumstances to the benefit of) a beneficial owner (within the meaning of the Directive) resident in that other Member State, except that Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information. The rate of such withholding tax equals thirty-five (35) per cent. until the end of the transitional period (see “Taxation - EU Savings Directive”).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Taxation

Prospective investors and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the description contained in the general description section of this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

French insolvency law

Holders of Notes will be automatically grouped for the defence of their common interests in a *masse*, as defined in Condition 11 of the Terms and Conditions of the Notes “Representations of Noteholders”. However, under French insolvency law as amended by ordinance no. 2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and by law no. 2010-1249 dated 22 October 2010 applicable as from 1 March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in order to defend their common interests if a safeguard (*procédure de sauvegarde*), an accelerated financial safeguard 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 and regardless of their governing law.

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

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

Decisions of the Assembly will be taken by a two-third (2/3rd) majority (calculated as a proportion of the debt securities held by the holders which have cast a vote at such Assembly). No quorum is required to hold the Assembly.

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

Risks relating to Renminbi-denominated Notes

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

- (i) Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC

Renminbi is not freely convertible at present and despite a movement towards liberalisation of cross-border RMB remittances, notably in the current account activity, there is no assurance that the PRC government will continue such movement in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

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

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

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. However, pursuant to arrangements between the PRC Central Government and the Hong Kong government, all corporations are now allowed to open RMB accounts in Hong Kong. There is no longer any limit on the ability of corporations to convert RMB and there is no longer any restriction on the transfer of RMB funds between different accounts in Hong Kong.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than twenty-five (25) per cent. of their RMB deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. There is no assurance that a change in PRC regulations will not have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes. To the extent the Issuer

is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

- (iii) RMB Notes issued under the Programme may only be held in Euroclear France, Euroclear and Clearstream, Luxembourg

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

- (iv) Investment in RMB Notes is subject to exchange rate risks

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

- (v) Investment in RMB Notes is also subject to interest rate risks

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

- (vi) RMB currency risk

Except in limited circumstances, all payments of Renminbi under the RMB Notes will be made solely by transfer to a Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and regulations for such transfer and in accordance with the terms and conditions of the RMB Notes. The Issuer cannot be required to make payment by any other means (including by transfer to a bank account in the PRC or anywhere else outside Hong Kong). For persons holding RMB Notes through Euroclear France, Euroclear or Clearstream, Luxembourg, payments will also be made subject to the procedures of Euroclear France, Euroclear or Clearstream, Luxembourg, as applicable.

- (vii) Developments in other markets may adversely affect the market price of any RMB Notes

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

- (viii) The Issuer may make payments of interest and principal in U.S. dollars in certain circumstances

Although the primary obligation of the Issuer is to make all payments of interest and principal with respect to the RMB Notes in Renminbi, in the event access to Renminbi deliverable in Hong Kong becomes restricted by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined the Terms and Conditions of the Notes), the terms of such RMB Notes allow the Issuer to make such payment in U.S. dollars at the prevailing spot rate of exchange, all as provided for in more detail in the Terms and Conditions of the Notes. As a result, the value of such payments in Renminbi may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar the value of a Noteholder's investment in U.S. dollar will decline.

2.4 Risks related to the market generally

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

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

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

An active trading market for the Notes may not develop

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected.

If a market does develop, it may not be 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. Illiquidity may have an adverse effect on the market value of Notes.

The Issuer is entitled to buy the Notes, as described in Condition 6(h), and the Issuer may issue further notes, as described in Condition 14(a). Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in “Terms and Conditions of the Notes” below). 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. Such risks generally depend on a number of factors, including financial, economic and political events over which the Issuer has no control. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

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

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 prospective 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. Neither the Issuer, the Dealer(s) nor any of their respective affiliates has or assumes responsibility for the lawfulness

of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Interests of the Dealers

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.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description of the Programme is qualified in its entirety by the remainder of this Base Prospectus. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Final Terms, will be subject to the Terms and Conditions of the Notes set out in this Base Prospectus.

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

Issuer:	Valeo
Description:	Euro Medium Term Note Programme for the continuous offer of Notes (the “ Programme ”)
Arrangers:	BNP Paribas and HSBC Bank plc
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Crédit Industriel et Commercial Deutsche Bank AG, London Branch HSBC Bank plc J.P. Morgan Securities Ltd. Mitsubishi UFJ Securities International plc Natixis Société Générale
	<p>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 references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Programme Limit:	Euro 2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The principal amount of Notes outstanding under the Programme may be increased, as provided in an amended and restated dealer agreement dated 13 April 2012 between the Issuer, the Permanent Dealers and the Arrangers.
Fiscal Agent and Principal Paying Agent:	BNP Paribas Securities Services
Paying Agent:	BNP Paribas Securities Services (Affiliated with Euroclear France under number 29106)
Risk Factors:	Risk factors relating to the Issuer

Risks factors linked to the Issuer and its activity are described on pages 51 to 61 of the *Document de Référence* of the Issuer for the financial year ended 31 December 2011 which was filed with the AMF on 29 March 2012 under the registration number no. D.12-0237 and which is incorporated by reference herein (see section headed "Documents Incorporated by Reference" of this Base Prospectus), and include the following:

- operational risks, including (i) risks associated with the automotive equipment industry, (ii) risks related to the marketing of vehicle models produced, (iii) risks related to new product development, (iv) supplier risks and (v) political, economic or social instability risks;
- environmental risks and industrial risks (technological and natural risks);
- legal risks, including (i) intellectual property risks (patents), (ii) risks related to product and service liability and (iii) claims, litigation, governmental, legal and arbitration proceedings;
- market risks, including (i) currency risks, (ii) raw material risks, (iii) interest rate risk, and (iv) share risks;
- liquidity risks; and
- credit and counterparty risks, including (i) customer credit risk, (ii) credit risk on financial instruments and (iii) counterparty risk.

Risk factors relating to the Notes

There are certain additional risk factors which are material for the purpose of assessing the risks related to the Notes issued under the Programme including the following:

- the Notes may not be a suitable investment for all investors;
- risks related to the structure of a particular issue of Notes, including (i) any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated, (ii) a Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs, (iii) a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes, (iv) interest rate risk on Fixed Rate Notes, (v) investors will not be able to calculate in advance their rate of return on Floating Rate Notes, (vi) Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds, (vii) holders of Subordinated Notes face a significantly increased risk that the Notes will not perform as anticipated, (viii) Structured Notes, (ix) investments in Index Linked Interest Notes entail significant risks and may not be appropriate for investors lacking financial expertise, (x) Partly-Paid Notes and

- (xi) Notes issued at a substantial discount or premium;
- risks related to the Notes generally, including (i) modification of the Conditions, (ii) the Notes may be redeemed prior to maturity, (iii) change of law, (iv) EU Savings Directive, (v) taxation, (vi) French insolvency law and (vii) risks relating to Renminbi-denominated Notes;
- risks related to the market generally, including (i) the trading market for debt securities may be volatile and may be adversely impacted by many events, (ii) an active trading market for the Notes may not develop, (iii) exchange rate risks and exchange controls, (iv) credit ratings may not reflect all risks, (v) legal investment considerations may restrict certain investments and (vi) interests of the Dealers.

See “Risk Factors” above for further details.

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 additional 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 the Final Terms to this Base Prospectus (the “**Final Terms**”).

Maturities:

Subject to compliance with all relevant laws, regulations and directives, any maturity from one (1) month from the date of original issue.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. Dollars, Japanese yen, Swiss francs, Sterling, Renminbi and in any other currency agreed between the Issuer and the relevant Dealers.

Japanese Yen

Pursuant to the Foreign Exchange and Foreign Trade Act of Japan (Law No. 228 of 1949, as amended), the Issuer is required to file a report regarding (i) the issuance or offering of Notes in Japan, irrespective of whether such Notes are denominated or payable in Japanese yen, or (ii) the issuance or offering outside Japan of Notes denominated or payable in Japanese yen, with the Minister of Finance of Japan (the “**MOF**”) through the Bank of Japan within a limited period of time after the issue of the Notes, unless the amount of such

Notes is less than one billion yen or, in the case of Notes which are not denominated or payable in Japanese yen, that equivalent to one billion yen. Each Dealer is required to provide any necessary information on sales of Notes to the Issuer so that the Issuer may make such report to the MOF.

Denomination(s):

Notes will be in such denomination(s) as may be specified in the relevant Final Terms save that, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one (1) year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

The minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Dematerialised Notes will be issued in one denomination only.

Status of the Unsubordinated Notes:

Unsubordinated Notes (“**Unsubordinated Notes**”) will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer 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 and unsubordinated obligations of the Issuer, from time to time outstanding.

Status of the Subordinated Notes:

Subordinated Notes (“**Subordinated Notes**”) will be unsecured subordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with any other unsecured subordinated obligations of the Issuer with the exception of the *prêts participatifs* granted to the Issuer as set out in Condition 3(b) - see “Terms and Conditions of Notes - Status”.

If so specified in the relevant Final Terms, the payment of interest in respect of Subordinated Notes without a specified maturity date (“**Undated Subordinated Notes**”) may be deferred in accordance with the provisions of Condition 5(h) - see “Terms and Conditions of Notes - Interest and Other Calculations”.

Negative Pledge:

There will be a negative pledge in respect of Unsubordinated Notes as set out in Condition 4 - see “Terms and Conditions of the Notes - Negative Pledge”.

Events of Default: (including cross default):	There will be events of default and a cross-default in respect of Unsubordinated Notes as set out in Condition 9(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 9(b) - see “Terms and Conditions of the Notes - Events of Default”.
Redemption Amount:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one (1) year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and if so the terms applicable to such redemption.
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Early Redemption:	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes - Redemption, Purchase and Options”.
Taxation:	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes issued by the Issuer 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.

Notes except Notes which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code (the “**French General Tax Code**”) fall under the French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009* no. 3 (n°2009-1674 dated 30 December 2009) (the “**Law**”). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of

Article 238-0 A of the French General Tax Code (a “**Non-Cooperative State**”). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code. The 50% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on such Notes will not be 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 opened in a financial institution located in such a Non-Cooperative State. 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 French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of 30% or 55%, subject to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax provided by Article 125 A III of the French General Tax Code, the non-deductibility of interest and other revenues nor the withholding tax set out under Article 119 *bis* 2 that may be levied as a result of such non-deductibility, to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the ruling n° 2010/11 (*rescrit*) of the *Direction générale des finances publiques* (French tax authorities) dated 22 February 2010, the Notes issued by the Issuer will benefit from the Exception without the Issuer having to provide any proof of the main purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

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

The tax regime applicable to Notes which do not satisfy the conditions mentioned hereinabove will be set out in the relevant Final Terms.

Interest and other revenues on Notes issued by the Issuer which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 that were issued (or deemed to be issued) outside France, as provided under Article 131 *quater* of the French General Tax Code will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

In addition, interest and other revenues on Notes issued by the Issuer which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* 2 of the French General Tax Code solely on account of their being paid on a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Interest Periods and Interest Rates:

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

Fixed Rate Notes:

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

Floating Rate Notes:

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

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the

2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or

- (ii) 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; or
- (iii) by using any other method of determination as may be provided in the relevant Final Terms.

Interest periods will be specified in the relevant Final Terms

Zero Coupon Notes:

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

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

Other Notes:

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

Redenomination:

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the EU may be redenominated into Euro, all as more fully provided in “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination” below.

Consolidation:

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

Form of Notes:

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

Dematerialised Notes may, at the option of the Issuer, be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (*au nominatif pur*) or administered registered form (*au nominatif administré*) form. No physical documents of title will be issued in respect of Dematerialised Notes. See “Terms and Conditions of the Notes - Form, Denomination, 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 law.

Clearing Systems:

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

Initial Delivery of Dematerialised Notes:

Not later than one Paris business day before the issue date of each Tranche of Dematerialised Notes, the *lettre comptable* relating to such Tranche shall be deposited by the Issuer, with the assistance of the relevant Dealer, with Euroclear France as central depository.

Initial Delivery of Materialised Notes:

On or before the issue date for each Tranche of Materialised Bearer Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Listing and admission to trading:

Listing and admission to trading on Euronext Paris or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Rating:

The long term debt of the Issuer has been rated “Baa3, stable outlook”, and its short term debt “P-3, stable outlook” on May 3, 2011, and confirmed on March 15, 2012, by Moody’s Investors Service which is a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 as amended (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europa.eu). Notes issued under the Programme may be rated or unrated. The relevant Final Terms will specify (i) the rating of Notes, if any, and (ii) whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organisation. Where an issue

of Notes is rated, its rating will not necessarily be the same as the rating assigned to Notes issued under the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

There are restrictions on the offer and sale of Notes and the distribution of the Base Prospectus or any other offering material relating to the Notes in various jurisdictions, including the European Economic Area and certain of its Member States (in particular the United Kingdom and France), Japan, the People's Republic of China, Hong Kong, Singapore and the United States. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed in the relevant Final Terms.

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

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

The TEFRA rules do not apply to any Dematerialised Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents which have been previously published and have been filed with the *Autorité des marchés financiers* (“AMF”) as competent authority in France for the purposes of the Prospectus Directive. Such sections shall be incorporated in, and shall be deemed to form part of, this Base Prospectus:

- (i) the sections identified in the cross-reference table below of the 2011 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 29 March 2012 under no. D.12-0237, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2011 and the related notes thereto (the “**2011 Reference Document**”) save that the third paragraph of the “*Attestation du responsable du Document de référence contenant un rapport financier annuel*” by Mr. Jacques Aschenbroich, *Directeur Général* of the Issuer, referring, *inter alia*, to the *lettre de fin de travaux* of the statutory auditors of the Issuer on page 318 of such 2011 Reference Document and any reference thereto shall not be deemed incorporated herein; and
- (ii) the sections identified in the cross-reference table below of the 2010 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 29 March 2011 under no. D.11-0191, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2010 and the related notes thereto (the “**2010 Reference Document**”) save that the third paragraph of the “*Attestation du responsable du Document de référence contenant un rapport financier annuel*” by Mr. Jacques Aschenbroich, *Directeur Général* of the Issuer, referring, *inter alia*, to the *lettre de fin de travaux* of the statutory auditors of the Issuer on page 269 of such 2010 Reference Document and any reference thereto shall not be deemed incorporated herein.

Free translations in the English language of the 2011 Reference Document and the 2010 Reference Document are available on the Issuer's website (www.valeo.com).

The Issuer will, at the specified office of each Paying Agent for the time being during normal business hours, make available, free of charge, a copy of any or all of the documents incorporated by reference (the “**Documents Incorporated by Reference**”) herein. All Documents Incorporated by Reference in this Base Prospectus will also be available on the website of the *Autorité des marchés financiers* (www.amf-france.org) and on the website of Valeo (www.valeo.com).

The following table cross-references the pages of the Documents Incorporated by Reference. Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

Information incorporated by reference	Page no. in the applicable document
2. STATUTORY AUDITORS	
2.1. Names and addresses of the Issuer’s auditors (together with their membership of a professional body)	p. 316 in 2011 Reference Document
2.2. Change of situation of the auditors	N/A
3. RISK FACTORS	
3.1 Risk factors	p. 51-61 in 2011 Reference Document
4. INFORMATION ABOUT THE ISSUER	
4.1. History and development of the Issuer	

Information incorporated by reference	Page no. in the applicable document
4.1.1. Legal and commercial name	p. 306 in 2011 Reference Document
4.1.2. Place of registration and registration number	p. 307 in 2011 Reference Document
4.1.3. Date of incorporation and length of life	p. 306 in 2011 Reference Document
4.1.4. Domicile, legal form, legislation, country of incorporation, address and telephone number	p. 306 in 2011 Reference Document
4.1.5. Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	p. 19 in 2011 Reference Document
5. BUSINESS OVERVIEW	
5.1. Principal activities	
5.1.1. Description of the Issuer's principal activities	p. 34-49 in 2011 Reference Document
5.1.2. Competitive position	p. 36-37, 40, 43-44, 46-47, 49 in 2011 Reference Document
6. ORGANISATIONAL STRUCTURE	
6.1. Description of the group and of the Issuer's position within it	p. 19-20, 309 in 2011 Reference Document
6.2. Dependence relationships within the group	p. 178-179, 205-208, 250-254, 277, 309-311 in 2011 Reference Document
7. TREND INFORMATION	
7.1. Statement of no material adverse change on the Issuer's prospects	p. 13, 16, 256 in 2011 Reference Document
8. PROFIT FORECASTS OR ESTIMATES	
8.1. Principal assumptions	N/A
8.2. Statement by independent accountants or auditors	N/A
8.3. Comparable with historical financial information	N/A
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	
9.1 Information concerning the administrative and management bodies	p. 130-142, 159-161 in 2011 Reference Document
9.2 Conflicts	p. 142, 160, 304 in 2011 Reference Document
10. MAJOR SHAREHOLDERS	
10.1. Information concerning control	p. 288-289 in 2011 Reference Document
10.2. Description of arrangements which may result in a change of control	p. 302 in 2011 Reference Document
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
11.1. Historical financial information	
	Consolidated financial statements 2011: p. 188-255 in 2011 Reference Document - Balance sheet: p. 190 - Income statement: p. 188 - Accounting policies: p. 194-205 - Explanatory notes: p. 194-254
	Non consolidated financial statements 2011: p. 258-278 in 2011 Reference Document - Balance sheet: p. 259

Information incorporated by reference	Page no. in the applicable document
	- Income statement: p. 258 - Accounting policies: p. 262-263 - Explanatory notes: p. 261-277
	Consolidated financial statements 2010: p. 146-208 in 2010 Reference Document - Balance sheet: p. 148 - Income statement: p. 146 - Accounting policies: p. 153-162 - Explanatory notes: p. 152-207
	Non consolidated financial statements 2010: p. 212-230 in 2010 Reference Document - Balance sheet: p. 213 - Income statement: p. 212 - Accounting policies: p. 216-217 - Explanatory notes: p. 215-229
11.2. Financial statements	p. 188-255, 258-278 in 2011 Reference Document p. 146-208, 212-230 in 2010 Reference Document
11.3. Auditing of historical annual financial information	
11.3.1. Statement of audit of the historical annual financial information	p. 255, 278 in 2011 Reference Document p. 208, 230 in 2010 Reference Document
11.3.2. Other audited information	p. 177-179 in 2011 Reference Document p. 136-139 in 2010 Reference Document
11.3.3. Unaudited data	N/A
11.4. Age of latest financial information	
11.4.1. Age of latest financial information	31 December 2011
11.5. Legal and arbitration proceedings	p. 56, 212, 247 in 2011 Reference Document
11.6. Significant change in the Issuer's financial or trading position	p. 249, 256 in 2011 Reference Document
12. MATERIAL CONTRACTS	
12. Material contracts	p. 312 in 2011 Reference Document
13. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	
13.1 Statement by experts	N/A
13.2 Statement by third party	N/A
14. DOCUMENTS ON DISPLAY	
14. Documents on display	p. 312-315 in 2011 Reference Document

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the provisions of Article 212-25 of the *Règlement Général* of the AMF implementing Article 16 of the Prospectus Directive, following the occurrence of a significant new factor, a material mistake or inaccuracy relating to the information included or incorporated by reference in this Base Prospectus which is capable of affecting the assessment of any Notes, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further Base Prospectus, which, in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Paris or on a Regulated Market of a Member State of the European Economic Area, shall constitute a supplement to the Base Prospectus for the purpose of the relevant provisions of the *Règlement Général* of the AMF.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by Valeo (the "Issuer" or "Valeo") 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 additional 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 the Final Terms to this Base Prospectus (the "Final Terms").

The Notes are issued with the benefit of an amended and restated agency agreement dated 13 April 2012 between the Issuer, BNP Paribas Securities Services, as fiscal agent and the other agents named in it (as amended or supplemented as at the Issue Date the "Agency Agreement"). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Redenomination Agent", the "Consolidation Agent" and the "Calculation Agent(s)".

For the purpose of these Terms and Conditions, "Regulated Market" means any regulated market situated in a Member State of the European Economic Area ("EEA") as defined in the Directive 2004/39/EC on markets in financial instruments.

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

In these Conditions, unless otherwise specified or the context otherwise requires, references below to "day" or "days" mean a calendar day.

Unless otherwise provided in the relevant Final Terms, Notes shall constitute *obligations* within the meaning of Article L. 213-5 of the French *Code monétaire et financier* (the "Code").

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

Dematerialised Notes are issued, at the option of the Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France ("Euroclear France", acting as central depository) which shall credit the accounts of Account Holders (as defined below), or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in

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

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

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

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

- (b) **Denomination(s):** Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the “**Specified Denomination(s)**”) save that the minimum denomination of each Note admitted to trading on a Regulated Market in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such other 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 (as defined below)). Dematerialised Notes shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
- (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue (“**Definitive Materialised Bearer Notes**”), shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

(iv) In these Conditions, “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, Coupons, or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) **Redenomination:**

(i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least thirty (30) days’ notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community , as amended from time to time (the “**Treaty**”)), or events have occurred which have substantially the same effect, 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 applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.

(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 Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to this Condition or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are

not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.

- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

2 Conversion and Exchanges of Notes

(a) Dematerialised Notes

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

(b) Materialised Notes

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

3 Status

The obligations of the Issuer under the Notes may be either unsubordinated (“**Unsubordinated Notes**”) or subordinated (“**Subordinated Notes**”).

(a) Status of Unsubordinated Notes

The Unsubordinated Notes and, where applicable, any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

(b) Status of Subordinated Notes

(i) Subordination

Subordinated Notes (which term shall include both Subordinated Notes with a specified maturity date (“**Dated Subordinated Notes**”) and Subordinated Notes without a specified maturity date (“**Undated Subordinated Notes**”)) are unsecured subordinated obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and *pari passu* with any other unsecured subordinated obligations of the Issuer with the exception of the *prêts participatifs* granted to the Issuer. If any judgement is rendered by

any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of unsubordinated creditors and, subject to such payment in full, the holders of Subordinated Notes shall be paid in priority to any *prêts participatifs* granted to the Issuer. In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Subordinated Notes will be terminated. The holders of Subordinated Notes shall take all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation.

(ii) Dated Subordinated Notes

Unless otherwise specified in the relevant Final Terms, payments of interest relating to Dated Subordinated Notes constitute obligations which rank equally with the obligations of the Issuer in respect of Unsubordinated Notes issued by the Issuer in accordance with Condition 3(a).

(iii) Undated Subordinated Notes

Unless otherwise specified in the relevant Final Terms, payments of interest relating to Undated Subordinated Notes constitute obligations which rank equally with the obligations of the Issuer in respect of Unsubordinated Notes issued by the Issuer in accordance with Condition 3(a) and may be deferred in accordance with the provisions of Condition 5(h).

The use of the proceeds of issues of Undated Subordinated Notes will be set out in the applicable Final Terms.

4 Negative Pledge

So long as any of the Unsubordinated Notes or, if applicable, any Receipts or Coupons relating to them, remain outstanding, the Issuer will not, and will procure that none of its Material Subsidiaries (as defined below) will, create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its business, undertakings, assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) incurred or guaranteed by it or by any Material Subsidiary (whether before or after the issue of the Unsubordinated Notes) unless the Issuer's obligations under the Unsubordinated Notes, Receipts and Coupons are equally and rateably secured so as to rank *pari passu* with such Relevant Indebtedness or such guarantee in respect thereof.

For the purposes of this Condition:

(i) “**Material Subsidiary**” means at any relevant time a Subsidiary of the Issuer:

- (a) whose total assets, gross revenues, or operating income (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets, gross consolidated revenues or consolidated operating income, as the case may be) attributable to the Issuer represent not less than ten (10) per cent. of the total consolidated assets, the gross consolidated revenues or the consolidated operating income of the Issuer, as the case may be, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or

- (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Material Subsidiary
- (ii) “**Relevant Indebtedness**” means any indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other securities (including *titres de créance négociables*) which are for the time being, or are capable of being, quoted, listed or ordinarily traded on any stock exchange, over-the-counter-market or other securities market.
- (iii) “**Subsidiary**” has the meaning set forth in Articles L.233-1 and L.233-3 of the French *Code de Commerce*, as amended.

This Condition 4 shall not apply to Subordinated Notes.

5 Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in relation to any sum payable in Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer system or any successor thereto (TARGET 2) (the “**TARGET System**”) is operating (a “**TARGET Business Day**”), and/or
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any), and/or
- (iii) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or
- (iv) in the case of a Specified Currency and/or one or more additional business centre(s) specified in the relevant Final Terms (the “**Business Centre(s)**”), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s).

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first (1st) day of such period to but excluding the last) (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual (ISDA)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365) (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by three hundred and sixty-six (366) and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by three hundred and sixty-five (365))
- (ii) if “**Actual/Actual (ICMA)**” is specified in the relevant Final Terms:
 - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of 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:

the number of days in such Calculation Period falling in the Determination Period in which it 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 year; and

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 year

in each case where “**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date

(iii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365)

(iv) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty (360)

(v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by three hundred and sixty (360), calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first (1st) day of the Calculation Period falls;

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

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

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

"**D₁**" is the first (1st) calendar day, expressed as a number, of the Calculation Period, unless such number would be thirty-one (31), in which case D₁ will be thirty (30); and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be thirty-one (31) and D1 is greater than twenty-nine (29), in which case D2 will be thirty (30).

- (vi) if "30E/360" or "Eurobond Basis" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by three hundred and sixty (360) calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first (1st) day of the Calculation Period falls;

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

"M1" is the calendar month, expressed as a number, in which the first (1st) day of the Calculation Period falls;

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

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be thirty-one (31), in which case D1 will be thirty (30); and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be thirty-one (31), in which case D2 will be thirty (30);

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

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

where:

"Y1" is the year, expressed as a number, in which the first (1st) day of the Calculation Period falls;

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

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

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

"D1" is the first (1st) calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii)

such number would be thirty-one (31), in which case D1 will be thirty (30); and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the maturity date (as specified in the applicable Final Terms) or (ii) such number would be thirty-one (31), in which case D2 will be thirty (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 (1st) 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 have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first (1st) Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

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

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

"Interest Determination Date" means, with respect to a Rate of Interest, an Interest Accrual Period or the interest amount in relation to RMB Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two (2) TARGET Business Days prior to the first (1st) day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first (1st) day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two (2) Business Days in the city specified in the Final Terms for the Specified Currency prior to the first (1st) 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 (1st) 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 unless otherwise specified in the relevant Final Terms

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., 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 Markets 3000 ("**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 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 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 Date**” means, in respect of any Note, Receipt 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 (7) days after that on which notice is duly given to the holders of such Materialised Notes that, upon further presentation of the Materialised Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation

“**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 or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition “**local time**” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre Brussels 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 relevant 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 and

“**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(c)(ii)

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as otherwise provided in the relevant Final Terms.

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

- (c) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest 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 (except as otherwise provided in the relevant Final Terms) 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 (1st) Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an “unadjusted” basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and, unless otherwise specified in the relevant Final Terms, 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:

- (a) the Floating Rate Option is as specified in the relevant Final Terms
- (b) the Designated Maturity is a period specified in the relevant Final Terms and
- (c) the relevant Reset Date is the first (1st) day of that Interest Accrual Period unless otherwise 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:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
 - (ii) the arithmetic mean 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

- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) 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 (I) 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) (II) 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).
- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon and is repayable prior to the Maturity Date is not paid when due, the amount due and payable prior to the Maturity Date shall be, unless otherwise provided in the relevant Final Terms, 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(e)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest fails to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (g) **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 (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (h) **Deferral of Interest:** In the case of Undated Subordinated Notes, interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment. Notice of any Optional Interest Payment Date shall (for so long as the rules of any Stock Exchange so require) be given to the Noteholders in accordance with Condition 15 and to the relevant Stock Exchange. Such notice shall be given at least seven (7) days prior to the relevant Optional Interest Payment Date(s). Any interest not paid on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute “**Arrears of Interest**” which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven (7) days’ notice to such effect given to the Noteholders in accordance with Condition 15 but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on whichever is the earliest of:
- (i) the Interest Payment Date immediately following the date upon which the *Assemblée Générale* of the shareholders of the Issuer passed a resolution to pay a dividend on the ordinary share capital of the Issuer and
 - (ii) the commencement of a liquidation or dissolution of the Issuer.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiration of such notice. When Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall (to the extent permitted by law) bear interest accruing (but only, in accordance with Article 1154 of the French *Code civil*, after such interest has accrued for a period of one year) and compounding on the basis of the exact number of days which have elapsed at the prevailing rate of interest on the Undated Subordinated Notes in respect of each relevant Interest Period. For these purposes the following expressions have the following meanings:

“**Compulsory Interest Payment Date**” means any Interest Payment Date unless at the *Assemblée Générale* of the shareholders of the Issuer immediately preceding such date which was required to approve the annual accounts of the Issuer for the fiscal year ended prior to such *Assemblée Générale*, no resolution was passed to pay a dividend on the ordinary share capital of the Issuer in respect of such previous fiscal year.

“**Optional Interest Payment Date**” means any Interest Payment Date, as the case may be, other than a Compulsory Interest Payment Date.

(i) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**

(i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting 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, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

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

(k) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment 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, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment

Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are admitted to trading on a Regulated Market and the rules of such Regulated Market so require, such Regulated Market 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 Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth (4th) Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. 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.

- (l) **Calculation Agent and Reference Banks:** The Issuer shall use its best efforts to procure that there shall at all times be four Reference Banks (or such other number as may be required by the Conditions) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined above in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are admitted to trading on a Regulated Market and the rules of that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 15.
- (m) **RMB Notes:** Notwithstanding the foregoing, each RMB Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date. The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties. The Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no

event later than the fourth (4th) Business Day thereafter. The amount of interest payable per Specified Denomination and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest per Specified Denomination shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made. Unless otherwise agreed in the relevant Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of days in the relevant Interest Period or, as applicable, other period concerned and dividing it by three hundred and sixty-five (365), and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any option provided by the relevant Final Terms including any Issuer's option in accordance with Condition 6(c) or any Noteholders' option in accordance with Condition 6(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments and Final Redemption:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(c) or (6)(d), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than thirty (30) days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem or exercise any Issuer's option (as may be described) in relation to all, or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest), 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, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option 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 or in respect of which such option has been exercised, 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 requirements.

In the case of a partial redemption of or a partial exercise of an Issuer's option in respect 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 Code and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market requirements.

So long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris 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 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 Noteholders and Exercise of Noteholders' Options:**

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

To exercise such option or any other Noteholders' option that may be set out in the relevant Final Terms (which must be exercised on an Option Exercise Date) the Noteholder must deposit with any Paying Agent at its specified office during usual business hours a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during usual business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. Such notice shall, in the case of Materialised Bearer Notes, have attached to it such Note (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Principal Paying Agent specified in the Exercise Notice. 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.

- (ii) If at any time while any Note remains outstanding (i) a Change of Control occurs and (ii) within the Change of Control Period (A) (if at the time that the Change of Control occurs the Notes are rated with the

agreement of the Issuer) a Rating Downgrade in respect of that Change of Control occurs and has not been cured prior to the expiry of the Change of Control Period, or (B) (if at such time the Notes are not rated) a Negative Rating Event in respect of that Change of Control occurs (either case, a "Put Event"), the holder of each Note will have the option (the "Put Option") (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes under Condition 6) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Put) (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (Put).

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any person or persons acting in concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly owns or acquires, (A) more than fifty (50) per cent. of the issued ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than fifty (50) per cent. of the voting rights normally exercisable at a general meeting of the Issuer.

"**Change of Control Period**" means the period commencing on the date that is the earlier of:

- (A) the date of the first public announcement of a potential future Change of Control; and
- (B) the date of the first public announcement that a Change of Control has occurred,

and ending ninety (90) days after the date of the public announcement that such Change of Control has occurred.

"**Investment Grade Rating**" means a rating of Baa3 by Moody's or its equivalent for the time being, or better.

A "**Negative Rating Event**" shall be deemed to have occurred if (i) the Issuer does not on or before the forty-fifth (45th) Business Day after the relevant Change of Control seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained an Investment Grade Rating, provided that the Rating Agency publicly announces or publicly confirms or having been so requested by the Issuer informs the Issuer or the Paying Agent in writing that its declining to assign an Investment Grade Rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

"**Rating Agency**" means Moody's Investors Service ("Moody's"), Inc. and its successor or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency at the invitation of the Issuer is (x) withdrawn or (y) changed from an Investment Grade Rating to a non Investment Grade Rating (Ba1 by Moody's, or its equivalents for the time being, or worse) or (z) (if the

rating assigned to the Notes by any Rating Agency at the invitation of the Issuer shall be below an Investment Grade Rating) lowered by one full rating notch (for example, from Ba1 to Ba2 by Moody's or such similar lower or equivalent rating), provided that a Rating Downgrade otherwise arising by virtue of a particular change in 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 to which this definition would otherwise apply does not publicly announce or publicly confirm or having been so requested by the Issuer does not inform the Issuer or the Paying Agent in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

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

To exercise the Put Option to require redemption or, as the case may be, purchase of a Note under this Condition 6(d), the holder of that Note must, on any Business Day (as defined in Condition 5(a)) in the city of the specified office of the relevant Paying Agent falling within the period (the "**Put Period**") of forty-five (45) days after a Put Event Notice is given, (i) deliver at the specified office of any Paying Agent, 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 (a "**Put Option Notice**") and in which the holder shall specify a bank account to which payment is to be made under this Condition 6(d) and (ii) transfer (or procure the transfer of) the Note to the securities account of the Paying Agent specified by the Issuer in the Put Event Notice for the account of the Issuer.

The Issuer shall redeem or at the option of the Issuer purchase (or procure the purchase of) the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Paying Agent for the account of the Issuer as provided above, on the date which is the seventh (7th) day after the last day of the Put Period (an "**Optional Redemption Date (Put)**"), unless previously redeemed and purchased. Payment in respect of any Note so transferred will be made on the Optional Redemption Date (Put) by transfer to the bank account specified in the Put Option Notice. A Put Option Notice once given shall be irrevocable.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise), unless such cost or loss is attributable to a breach by the Issuer and/or the Paying Agent of its obligations in connection with any Put Option.

(e) **Early Redemption:**

(i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(f) or

Condition 6(j) 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 Condition 6(f) or Condition 6(j) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one (1) 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 (i) above), upon redemption of such Note pursuant to Condition 6(f) or Condition 6(j), 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 (including, where applicable, any Arrears of Interest) unless otherwise specified in the relevant Final Terms.

(f) **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, not be able to make such payment without having to pay additional amounts as specified under Condition 8(b) below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than forty-five (45) nor less than fifteen (15) days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount provided that the due date for redemption of which notice

hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date is past, as soon as practicable thereafter.

- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days' prior notice to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Notes then outstanding at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) fourteen (14) days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.
- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, subject to applicable laws and regulations. Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A of the French *Code monétaire et financier*, for the purpose of enhancing the liquidity of the Notes, provided that the Issuer will not be entitled to hold the Notes for a period exceeding one (1) year from their purchase date, in accordance with Article D.213-1-A of the French *Code monétaire et financier*.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer may, at its sole option, be held or cancelled in accordance with applicable laws and regulations. Notes will 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 Receipts and 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 Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. To the

extent that the Notes are listed and admitted to trading on Euronext Paris, the Issuer will inform Euronext about such cancellation.

- (j) **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 would 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 forty-five (45) nor less than thirty (30) days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest).

7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest, where applicable) 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 Account Holders for the benefit of the Noteholders and, (in the case of Dematerialised Notes in fully registered form), to an account denominated in the relevant currency with a Bank designated by the Noteholders. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest, where applicable) in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender during usual business hours of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. 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 any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this Base Prospectus. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Consolidation Agent and the Registration Agent act

solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(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, the Redenomination Agent, the Consolidation 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 Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities (including Paris so long as the Notes are admitted to trading on Euronext Paris and in such other city so long as the Notes are admitted to trading on any other Regulated Market), (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent, (vi) a Paying Agent having its specified office in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC of 3 June 2003 or by any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, or any subsequent meeting of the ECOFIN Council on taxation of savings income in form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives and (vii) such other agents as may be required by the rules of, or applicable to, any other Regulated Market on which the Notes may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

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

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

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

(i) Unless Materialised Bearer Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (together, where applicable, with the amount of any Arrears of Interest corresponding to such Coupon) (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon (together, where applicable, with the amount of any Arrears of Interest corresponding to such Coupon) that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten (10) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).

(ii) If Materialised Bearer Notes so provide, upon the due date for redemption of any such Materialised Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Materialised Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, (including, for the avoidance of doubt, any Arrears of Interest if applicable) shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (C) (i) (in the case of a payment in a currency other than Euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro), which is a TARGET Business Day.
- (i) **Alternative Payment in U.S. Dollar:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-transferability or Illiquidity (each as defined below) occurs, or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a RMB Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five (5) nor more than thirty (30) days irrevocable notice in accordance with Condition 15 "Notices" to the Noteholders prior to the due date for payment, shall be entitled to satisfy its obligations in respect of any such payment by making any such payment (in whole or in part) in

U.S. dollars on the due date at the U.S. dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, any payment made under such circumstances of the U.S. Dollar Equivalent will constitute valid payment, and will not constitute a default in respect of the Notes 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 Paying Agents and all Noteholders.

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

For the purpose of this Condition 7(i):

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

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

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the 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 on or after the issue date of such RMB Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Non-transferability**” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, 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 on or after the issue date of the relevant RMB Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**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 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 Days**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

“**RMB Rate Calculation Date**” means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

“**RMB Spot Rate**” for a RMB Rate Calculation Date means the spot U.S. dollar/CNY exchange rate for the purchase of U.S. dollars with CNY in the over-the-counter Renminbi 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 11.00 a.m. (Hong Kong time) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the RMB Rate Calculation

Agent will determine the RMB Spot Rate at or around 11:00 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available U.S. dollar/CNY official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters 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.

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

8 Taxation

- (a) **Tax exemption for Notes:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional Amounts:** If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder, a Receiptholder or a Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with France other than the mere holding of the Note, Receipt or Coupon;
- (ii) **Presentation more than thirty (30) days after the Relevant Date:** in the case of Materialised Notes, more than thirty (30) days after the Relevant Date except to the extent that the Noteholder, the Receiptholder or the Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on or before the thirtieth (30th) such day of such time period; or
- (iii) **Payment to individuals or residual entity within the meaning of the Council Directive 2003/48/EC:** where such withholding or deduction is imposed on a payment to an individual or to a residual entity as set out in Article 4(2) of European Council Directive 2003/48/EC of 3 June 2003 and is required to be made pursuant such Directive or to any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or
- (iv) **Payment by another paying agent:** presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another paying agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due (and,

for the avoidance of doubt, in the case of Arrears of Interest, references to “becomes due” shall be interpreted in accordance with the provisions of Condition 5(h)) 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 (7) days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or addition to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts (including, for the avoidance of doubt, all Arrears of Interest) payable pursuant to Condition 5 or any amendment or addition to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

- (c) Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC of 3 June 2003 or by any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

9 Events of Default

The Representative (as defined in Condition 11), upon request of any Noteholder, unless such request is manifestly ill founded, may, upon written notice to the Issuer and the Fiscal Agent after the application of the relevant grace period, if any, and before all defaults shall have been remedied, cause the Notes to become immediately due and payable, whereupon the Notes shall become immediately due and payable at their principal amount, plus accrued interest, without any other formality, if any of the following events (each an “**Event of Default**”) shall occur:

- (a) **Unsubordinated Notes:** In the case of Unsubordinated Notes:
- (i) the Issuer is in default for more than fifteen (15) days (in the case of interest) and seven (7) days (in the case of principal) for the payment on any Note (including the payment of any additional amounts in accordance with Condition 8), when the same shall become due and payable; or
 - (ii) the Issuer is in default in the performance of, or compliance with, any of its other obligations under the Notes and such default has not been cured within thirty (30) days after the receipt by the Fiscal Agent of the written notice of such default by the Representative; or
 - (iii) any other present or future indebtedness of the Issuer for money borrowed or raised in excess of Euro 30,500,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, or becomes capable of being declared, due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period therefor or any steps are taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer for, or in respect of, any such indebtedness of others are not honoured when due and called upon (subject to any originally applicable grace period) unless the Issuer challenges in good faith the default under such indebtedness or

the validity of the enforcement of any such guarantee or indemnity before a court of competent jurisdiction, in which case none of the foregoing events will constitute an Event of Default until a final judgement has been rendered by such relevant court; or

- (iv) the Issuer sells or otherwise disposes of all or substantially all of its assets or ceases to carry on the whole or substantially the whole of its business or an order is made or an effective resolution passed for its winding-up, dissolution or liquidation, unless such disposal, winding up, dissolution, liquidation or cessation is made or takes place in connection with a merger, consolidation, reconstruction, amalgamation or other form of combination with or to any other corporation and the liabilities under the Notes are transferred to and assumed by such other corporation and provided that the long-term credit rating assigned by any of Standard & Poor's Rating Services or Moody's Investors Services, Inc. (or, in each case, any successor rating agency) to such other corporation immediately following such merger, consolidation, reconstruction, amalgamation or other form of combination is not less than the long-term credit rating assigned by such agency to the Issuer immediately prior to such merger, consolidation, reconstruction, amalgamation or other form of combination; or
 - (v) (A) the Issuer (i) makes any proposal for a general moratorium in relation to its debts or (ii) applies for or is subject to a conciliation procedure (*conciliation*) or (iii) a corporate protection procedure (*procédure de sauvegarde ou procédure de sauvegarde financière accélérée*) or (B) a judgment is issued for (i) the judicial reorganization (*redressement judiciaire*) of the Issuer or (ii) the judicial liquidation (*liquidation judiciaire*) of the Issuer or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer in the context of insolvency or bankruptcy proceedings or the Issuer is subject to any other insolvency or bankruptcy proceedings.
- (b) **Subordinated Notes:** In the case of Subordinated Notes and in accordance with Condition 3(b), any judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or the Issuer is liquidated for any other reason.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Representation of Noteholders

Except as otherwise provided by the relevant Final Terms, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**"), provided that:

- (i) with respect to Series of Notes that are not being issued outside of France within the meaning of Article L.228-90 of the French *Code de Commerce*, the Masse will be governed by all the provisions of the French *Code de Commerce*, as amended;
- (ii) with respect to Series of Notes issued or deemed to be issued outside of France within the meaning of Article L.228-90 of the French *Code de Commerce*, the Masse will be governed by the provisions of the French *Code de Commerce* with the exception of Articles L.228-48, L.228-59, L.228-65 I (1°) and (2°), the second sentence of the first *alinéa* of L.228-71, L.228-72 insofar as it refers to L.228-65 (1°), R.228-67, R.228-69, R.228-72 and R.228-79 thereof, subject to the following provisions:

(a) **Legal Personality**

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

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

(b) **Representative**

The office of Representative may be conferred on a person of any nationality who agrees to perform such function. However, the following persons may not be chosen as Representatives:

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

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

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

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

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

(c) **Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

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

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

(d) **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 in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 15 not less than fifteen (15) days prior to the date of the General Meeting for a first convocation and not less than six (6) days in the case of a second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify¹, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one (1) vote or, in the case of Notes issued with more than one Specified Denomination, one (1) vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(e) **Powers of the General Meetings**

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

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

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Noteholders attending such General Meetings or represented thereat.

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

(f) **Information to Noteholders**

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

¹ At the date of this Base Prospectus, the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.

(g) **Expenses**

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

(h) **Single Masse**

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

In respect of any Tranche of Notes issued outside of France within the meaning of Article L.228-90 of the French Code de commerce, this Condition 11 may, if so specified in the relevant Final Terms, be waived, amended or supplemented.

In this Condition 11, the expression “outstanding” does not include the Notes subscribed or purchased by the Issuer in accordance with Article L.213-1 A of the French *Code monétaire et financier* which are held by the Issuer and not cancelled.

12 Modifications

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

13 Replacement of definitive Notes, Receipts, Coupons and Talons

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

14 Further Issues and Consolidation

(a) **Further Issues:** Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further notes to be assimilated (*assimilées*) and form a single series with the Notes provided such Notes and the further notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest in the relevant Final Terms) and that the terms of such further notes provide for such assimilation and references in these Conditions to “Notes” shall be construed accordingly.

(b) **Consolidation:** The Issuer may, with the prior approval of the Redenomination and Consolidation Agents, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than thirty (30) days’ prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in

Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

15 Notices

- (a) Subject to Condition 15(d), 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 (4th) 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*); provided that, so long as such Notes are admitted to trading on any Regulated Market and the rules applicable to such Regulated Market so require, notices shall be valid if published in a daily newspaper with general circulation in the city/ies where the Regulated Market on which such Notes is/are admitted to trading is located which, in the case of Euronext Paris, is expected to be *La Tribune* or *Les Echos*, and as otherwise required by the applicable rules of that Regulated Market, as the case may be.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are admitted to trading on any Regulated Market and the rules applicable to such Regulated Market so require, in a leading daily newspaper with general circulation in the city/ies where the Regulated Market on which such Notes is/are admitted to trading is located which, in the case of Euronext Paris is expected to be *La Tribune* or *Les Echos*, and as otherwise required by the applicable rules of that Regulated Market, as the case may be.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe, provided that so long as such Notes are admitted to trading on any Regulated Market, notice shall be published as otherwise required by the applicable rules of that Regulated Market, as the case may be. 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. Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au nominatif ou au porteur*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15 (a), (b) and (c) above; except that (i) so long as such Notes are listed on any Regulated Market and the rules applicable to such Regulated Market so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the Regulated Market on which such Notes are admitted to trading is/are located which, in the case of Euronext Paris is expected to be *La Tribune* or *Les Echos*, and as otherwise required by the applicable rules of that Regulated Market, as the case may be and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11(d) shall also be published in a leading newspaper of general circulation in Europe.

16 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes (and, where applicable, the Receipts, the Coupons and the Talons) are governed by, and shall be construed in accordance with, French law.

- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons will be submitted to the exclusive jurisdiction of the competent courts in Paris.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED BEARER NOTES

Temporary Global Certificates

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

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

Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicate that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “General Description of the Programme - Selling Restrictions”), in whole, but not in part, for the Definitive Materialised Bearer Notes and
- (ii) otherwise, in whole but not in part upon certification as to non-U.S. beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents) for definitive Materialised Bearer Notes.

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 and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal and Regulated Market requirements. Forms of such definitive Bearer Materialised Notes shall be available at the specified offices of any of the Paying Agent(s).

Exchange Date

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

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes unless otherwise specified in the relevant Final Terms.

DESCRIPTION OF VALEO

The description of the Issuer is set out in pages 19, 306 and 307 of the Document de Référence of the Issuer for the year ended 31 December 2011 incorporated by reference herein (See the “Documents Incorporated by Reference” section set forth above in this Base Prospectus).

TAXATION

The following is a summary limited to certain tax considerations relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. This summary is based on the laws in force as of the date of this Base Prospectus and is subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including, but not limited to, the legality of transactions involving the Notes.

EU Savings Directive

On 3 June 2003, the Council of the European Union (“EU”) adopted directive 2003/48/EC on taxation of savings income in the form of interest payments (“**EU Savings Directive**”). The EU Savings Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the laws of 21 June 2005 (the “**Laws of 21 June 2005**”). Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income within the meaning of the EU Savings Directive paid by a paying agent within the meaning of the EU Savings Directive established within such Member State, to an individual resident or certain types of entities called “residual entities” (“**Residual Entities**”), within the meaning of the EU Savings Directive (*i.e.* entities without legal personality whose profits are not taxed under the general arrangements for the business taxation and that are not, or have not opted to be considered as, a UCITS recognised in accordance with EC Directive 85/611/EEC) established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period during which the rate of the withholding is of 35%. The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. See “Council Directive 2003/48/EC on Taxation of Savings Income in the Form of Interest Payments”.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories (Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat, and Netherlands Antilles) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) established within such countries or territories to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg and some other Member States have entered into reciprocal provision of information or transitional withholding agreements (the “**Agreements**”) with certain of the dependent or associated territories in relation to payments made by a paying agent within the meaning of the EU Savings Directive established in a Member State to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

On November 13, 2008 the European Commission published a proposal for amendments to the EU Savings Directive. The proposal included a number of suggested changes, which, if implemented, would broaden the scope of the rules described above. The European Parliament approved an amended version of this proposal on April 24, 2009. Investors who are in any doubt as to their position should consult their professional advisers.

France Taxation

The descriptions below are intended as a basic summary of certain withholding tax consequences that may be relevant to holders of Notes who (i) are non-French residents, (ii) do not hold the Notes in connection with a business or profession conducted in France as a permanent establishment or a fixed

base, and (iii) do not concurrently hold shares of the Issuer. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

The EU Savings Directive was implemented into French law under Article 242 *ter* of the French General Tax Code (the “**French General Tax Code**”), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Notes issued by the Issuer other than those which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010

Notes issued by the Issuer (except Notes which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code) fall under the French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009* no. 3 (n°2009-1674 dated 30 December 2009) (the “**Law**”). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a “**Non-Cooperative State**”). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code. The 50% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on such Notes will not be 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 opened in a financial institution located in such a Non-Cooperative State. 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 French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of 30% or 55%, subject to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax provided by Article 125 A III of the French General Tax Code, the non-deductibility of interest and other revenues nor the withholding tax set out under Article 119 *bis* 2 that may be levied as a result of such non-deductibility, to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the ruling n° 2010/11 (*rescrit*) of the *Direction générale des finances publiques* (French tax authorities) dated 22 February 2010, the Notes issued by the Issuer will benefit from the Exception without the Issuer having to provide any proof of the main purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

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

The tax regime applicable to Notes which do not satisfy the conditions mentioned hereinabove will be set out in the relevant Final Terms.

Notes issued by the Issuer which are to be assimilated (assimilées) with Notes issued before 1 March 2010

Interest and other revenues on Notes issued by the Issuer which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 that were issued (or deemed to be issued) outside France, as provided under Article 131 *quater* of the French General Tax Code, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

In addition, interest and other revenues on Notes issued by the Issuer which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* 2 of the French General Tax Code solely on account of their being paid on a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Hong Kong Taxation

The following is a summary of certain Hong Kong tax considerations relating to the purchase, ownership and disposition of the Notes by a beneficial owner of the Notes. This summary is based on the tax laws of Hong Kong and their published interpretation as currently in effect and which are subject to change. This summary is for general information only and does not address all of the Hong Kong tax considerations that may be relevant to specific holders in light of their particular circumstances.

Withholding tax

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

Profits tax

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

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”), interest on the Notes may be subject to profits tax and is received by or accrued to:

- (i) a corporation, other than a financial institution (as defined in the Inland Revenue Ordinance), carrying on a trade, profession or business in Hong Kong and where such interest is derived from Hong Kong;
- (ii) a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business and where such interest is derived from Hong Kong; or
- (iii) a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrued are made available outside Hong Kong.

Any capital gains arising from the sale, disposal or redemption of the Notes will not be subject to profits tax in Hong Kong unless such sale, disposal or redemption is or forms part of the revenue or profits of such trade, profession or business carried on in Hong Kong and arise in or are derived from Hong Kong.

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

Stamp Duty

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

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

If stamp duty is payable, it is payable by the Issuer on the issue of bearer Notes at a rate of three (3) per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of bearer Notes.

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

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

If stamp duty is payable in respect of the transfer of registered Notes, it will be payable at the rate of 0.1 per cent. each by the seller and the purchaser (i.e. a total of 0.2 per cent.) normally by reference to the value of the consideration or to the value on the contract notes for such sale (whichever is higher). If, in the case of either the sale or purchase of such registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for the late payment. If stamp duty is not paid on or before the due date (two (2) days after the sale or purchase if effected in Hong Kong or thirty (30) days if effected elsewhere) a penalty of up to ten (10) times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the registered Notes if the relevant transfer is required to be registered in Hong Kong.

Estate Duty

No estate duty is payable in respect of the Notes in Hong Kong.

Capital gains tax

There is no capital gains tax in Hong Kong and no capital gains tax is chargeable or payable on the transfer or disposal of the Notes.

PRC Taxation

The holders of RMB Notes who are not resident in the PRC for PRC tax purposes and who do not hold the RMB Notes in connection with a business presence (such as a permanent establishment) in the PRC will not be subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of their RMB Notes or any repayment of principal and payment of interest made thereon.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 13 April 2012 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by that Dealer. The Issuer has agreed to reimburse the Arrangers for certain of their 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 Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms 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) **Approved Prospectus:** if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-Exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers:** 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 (b) to (d) 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, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The Public Offer Selling Restriction under the Prospectus Directive selling restriction is in addition to any other selling restrictions set out below.

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:

- (a) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and that offers and sales of Notes have been and shall only be made in France 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*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, D. 411-2 and D.411-3 of the French *Code monétaire et financier* (the "**Code**") and other applicable regulations.
- (b) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in France may be made, as described above.
- (c) Materialised Notes may only be issued outside of France.

Selling Restrictions addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) 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) **Financial promotion:** 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) **General compliance:** 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.

United States

The Notes have not been and will not be registered under the Securities Act as amended or the securities laws of any U.S. State and may not be offered or sold, directly or indirectly, 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 or such state securities laws. The Notes are being offered and sold only outside of the United States to non U.S. persons in reliance upon an exemption from registration. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act as amended, (“**Regulation S**”).

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

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, except as permitted by the Dealer Agreement, it has not offered or sold and it will not offer, sell or, in the case of Materialised Bearer Notes, deliver, Notes (i) as part of their distribution at any time or (ii) otherwise until forty (40) days after the completion of the distribution of any identifiable Tranche of which such Notes are a part (the “**Distribution Compliance Period**”), as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S, except that in reference to the term Materialised Bearer Notes, the term “U.S. person” also shall have the meaning given to it by the I.R. Code and the regulations thereunder.

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

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non U.S. persons and the listing of the Notes on Euronext Paris. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Each issue of index- or currency-linked Notes may be subject to such additional U.S. selling restrictions as the Relevant Dealer(s) may agree with the Issuer as a term of the issue and purchase or, as the case may be, subscription of such Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, 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, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident

of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other applicable laws, regulations and governmental guidelines of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

People's Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes are not being offered or sold and may not be offered or sold directly or indirectly in the PRC, for such purpose, not including the Hong Kong and Macau Special Administrative Regions or Taiwan, except as permitted by the securities laws and regulations of the PRC.

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 such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where 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 Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that

corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, 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

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification or supplement will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

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

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and that it will obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale. None of the Issuer or any other Dealer shall have responsibility therefore.

Each of the Dealers has further agreed that it has not entered and will not enter into any sub-underwriting arrangement with respect to the distribution of the Notes with any person other than one of its subsidiaries or affiliates without the prior written consent of the Issuer.

Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside France.

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

Final Terms dated [●]

Valeo

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the Euro 2,000,000,000 **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 13 April 2012 which received visa no. 12-166 from the *Autorité des marchés financiers* (the “**AMF**”) on 13 April 2012 [and the supplement to the Base Prospectus dated [●] which received visa no. [●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003) as amended by Directive 2010/73/EC (the “**2010 PD Amending Directive**”) to the extent implemented in the Relevant Member State (the “**Prospectus Directive**”). 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 such Base Prospectus [as so supplemented]. 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 [as so supplemented]. [The Base Prospectus [and the supplement to the Base Prospectus] [and the Final Terms] [is] [are] available for viewing at the office of the Paying Agents during normal business hours and on the websites of (a) the *Autorité des marchés financiers* (www.amf-france.org) and (b) the Issuer (www.valeo.com) and copies may be obtained free of charge from Valeo, 43 rue Bayen, 75017 Paris, France. [In addition¹, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] which received visa no. 12-166 from the *Autorité des marchés financiers* (the “**AMF**”) on 13 April 2012 [and the supplement to the Base Prospectus dated [●] which received visa no. [●] from the AMF on [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003) as amended by Directive 2010/73/EC to the extent implemented in the Relevant Member State (the “**2010 PD Amending Directive**”) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated 13 April 2012 which received visa no. 12-166 from the AMF on 13 April 2012 [and the supplement to the Base Prospectus dated [●] 2012 which received visa no. [●] from the AMF on [●] 2012], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●] 2012 and are attached hereto. 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 [original date] and [current date] [and the supplement to the Base Prospectus dated [●] and [●]. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for

¹ If the Notes are admitted to trading on a regulated market other than Euronext Paris.

viewing at the office of the Paying Agents during normal business hours and on the websites of (a) the *Autorité des marchés financiers* (www.amf-france.org) and (b) the Issuer (www.valeo.com) and copies may be obtained free of charge from Valeo, 43 rue Bayen, 75017 Paris, France. [In addition¹, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [•]].

1. (i) Issuer: Valeo
2. [(i)] Series Number: []
 [(ii)] Tranche Number: []
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: []
4. Aggregate Principal Amount of Notes : []
 [(i)] Series: []
 [(ii)] Tranche: []
5. Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denomination: []
7. (i) Issue Date: []
 (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
 [• per cent. Fixed Rate]
9. Interest Basis: [[specify reference rate] +/- • per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (specify)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (specify)]

¹ If the Notes are admitted to trading on a regulated market other than Euronext Paris.

11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Change of Control: Condition 6(d)(ii) will apply
14. (i) Status of the Notes: [Unsubordinated Notes/Subordinated Notes]
- [(ii)] [Date of corporate authorisations for issuance of Notes: [Resolution of the General Meeting of the shareholders of the Issuer dated [•]] [Resolution of the Board of Directors of the Issuer dated [•] [and the *décision d'émission* dated [•] (in the case of syndicated issue only)]
[N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes]]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable additional Business Centre(s) for the definition of "Business Day"]*¹/not adjusted]
- (iii) Fixed Coupon Amount[(s)]²: [] per Note of [] Specified Denomination
- (iv) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA /ISDA) / other]
- (vi) Determination Dates: [] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA) or for RMB Notes*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

¹ This option should be selected for RMB Notes.

² Not applicable for RMB Notes.

(viii) Party responsible for calculating Interest Amounts (if not the Calculation Agent)¹ [•]/[Not Applicable]

17. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Period(s): []

(ii) Specified Interest Payment Dates: []

(iii) First Interest Payment Date: []

(iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]

(v) Business Centre(s): []

(vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]

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

(viii) Screen Rate Determination:

– Reference Rate: []

– Interest Determination Date(s): []

– Relevant Screen Page: []

(ix) ISDA Determination:

– Floating Rate Option: []

– Designated Maturity: []

– Reset Date: []

(x) Margin(s): [+/-][] per cent. per annum

(xi) Minimum Rate of Interest: [] per cent. per annum

¹ RMB Notes only.
PARIS-1-1187314-v12

(xii) Maximum Rate of Interest: [] per cent. per annum

(xiii) Day Count Fraction: []

(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

18. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) [Amortisation/Accrual] Yield: [] per cent. per annum

(ii) Reference Price: []

(iii) Any other formula/basis of determining amount payable: []

19. Index-Linked Interest Note/other variable-linked interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Index/Formula/other variable: [give or annex details]

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

(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []

(iv) Determination Date(s): []

(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []

(vi) Interest or calculation period(s): []

(vii) Specified Interest []

Payment Dates:

- (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (ix) Business Centre(s): []
- (x) Minimum Rate/Amount of Interest: [] per cent. per annum
- (xi) Maximum Rate/Amount of Interest: [] per cent. per annum
- (xii) Day Count Fraction: []
20. Dual Currency Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give details]*
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the [Fiscal Agent]): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s) (Call): []
- (ii) Optional Redemption Amount(s) (Call) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []

- (b) Maximum Redemption Amount: []
- (iv) Notice period: []
22. Investor Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s) (Put): []
- (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) Notice period: []
23. Put Option upon Change of Control: Condition 6(d)(ii) will apply
24. Final Redemption Amount of each Note [[] per Note of [] specified denomination /other/see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: *[give or annex details]*
- (ii) Party responsible for calculating the Final Redemption Amount (if not the [Fiscal Agent]): []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption []

Amount:

(viii) Maximum Final Redemption Amount: []

25. Early Redemption Amount (Tax) [or Early Termination Amount]

Early Redemption Amount(s) [] (Tax) of each Note payable on redemption for taxation reasons [or early Termination Amount(s) payable] on an event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: [Dematerialised Notes/Materialised Notes] (*Materialised Notes are only in bearer form*) [*Delete as appropriate*]
- (i) Form of Dematerialised Notes: [Applicable/Not Applicable] (If applicable, *specify whether bearer dematerialised form (au porteur) / registered dematerialised form (au nominatif administré) / fully registered dematerialised form (au nominatif pur)*)
- (ii) Registration Agent: [Not Applicable/If Applicable, give name and details] (*Note that a Registration Agent may be appointed in relation to Dematerialised Notes in fully registered form (au nominatif pur) only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Bearer Materialised Notes on [•] (the “Exchange Date”), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
27. Financial Centre(s) or other special provisions relating to payment dates [Not Applicable/give details] [*Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates*]
28. Talons for future Coupons or Receipts to be attached to Definitive Bearer Materialised Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of [Not Applicable/give details]

failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
31. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]
32. Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]
33. "*Masse*" [The Notes are issued outside France and Condition 11 applies/The Notes are not issued outside France and Condition 11 is replaced by the full provisions of French *Code de Commerce* relating to the *Masse*] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes not issued outside France, Condition 11 must be waived in its entirety and replaced by the full provisions of French Code de Commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de Commerce relating to the Masse apply, insert details of Representative and Alternative Representative and remuneration, if any).*)
34. Any applicable currency disruption/fallback provisions:¹ [Not Applicable/*give details*]
35. Other final terms: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)
36. Applicable tax regime: Condition 8(a) *applies*
[In cases where the Exception does not apply, description of applicable tax regime to be provided]

DISTRIBUTION

37. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager(s) (if [Not Applicable/*give name*]

¹ In respect of RMB Notes, consider insertion of Payment of U.S.Dollar Equivalent provision.

any):

38. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
39. US Selling Restrictions: [Reg. S Compliance Category [•] ; TEFRA C/TEFRA D/TEFRA not applicable]
40. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [*Euronext Paris /other (specify relevant regulated market)*] of the Notes described herein pursuant to the Euro 2,000,000,000 Euro Medium Term Note Programme of Valeo (the "**Issuer**").

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*(Relevant third party information)*] has been extracted from [*(specify source)*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*(specify source)*], no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: **[Euronext Paris/Other (*specify*)/None]**
- (ii) 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/other (*specify relevant regulated market*)] with effect from []. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/other (*specify relevant regulated market*)] with effect from [].] [Not Applicable.]**
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [[Fitch: []]
- [[Other]: []]

(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.)

[Each of S & P, Moody's and Fitch is established in the European Union, registered under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu) in accordance with CRA Regulation.] /

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated

investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.] /

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”), but is endorsed by [*insert credit rating agency*] which is established in the European Union, registered under the CRA Regulation and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu) in accordance with CRA Regulation.] /

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

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

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

“Save as discussed in the Section “Subscription and Sale” of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

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

4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]

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

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

[(iii)] Estimated total expenses: [].

[(If the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]^{1}*

5. [Fixed Rate Notes only – YIELD

Indication of yield: [].

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

6. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation]^{2}*

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]^{3*}.

7. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

[8. DERIVATIVE SECURITIES] (Derivative securities only – other information concerning the Notes to be admitted to trading)

(i) Name of the issuer of the []
underlying security:

(ii) ISIN Code: []

¹ *Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

² *Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

³ *Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

- (iii) Underlying interest rate: []
- (iv) Relevant weightings of each underlying in the basket: []
- (v) Adjustment rules with relation to events concerning the underlying: []
- (vi) Source of information relating to the [Index]/[Indices]: []
- (vii) Place where information relating to the [Index]/[Indices] can be obtained: []
- (viii) Name and address of entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: []
- (ix) Details of any market disruption/settlement disruption events affecting the underlying: []
- (x) Exercise price/final reference price of underlying: []
- (xi) Details of how the value of investment is affected by the value of the underlying instrument(s): []
- (xii) Details of settlement procedure of derivative securities: []
- (xiii) Details of how any return on derivative securities takes place, payment or delivery date, and manner of calculation: []
- (xiv) Details of any post-issuance information to be provided (only in case of Derivatives Instruments). Details of any post-issuance information relating to the underlying to []

be provided and where such information can be obtained:

[9. TERMS AND CONDITIONS OF THE OFFER]

- (i) Offer Price: []

- (ii) Conditions, offer statistics, []
expected timetable and action
required to apply for the
offer:

- (iii) Conditions to which the offer []
is subject:

- (iv) The time period, including []
any possible amendments,
during which the offer will be
open and description of the
application process:

- (v) Details of the minimum []
and/or maximum amount of
application: ¹

- (vi) Description of possibility to []
reduce subscriptions and
manner for refunding excess
amount paid by applicants:

- (vii) Details of method and time []
limits for paying up and
delivering securities:

- (viii) Manner and date in which []
results of the offer are to be
made public:

- (ix) Procedure for exercise of any []
right of pre-emption,
negotiability of subscription
rights and treatment of
subscription rights not
exercised:

¹ Whether in number of securities or aggregate amount to invest.

- (x) Categories of potential investors to which the securities are offered:¹ []

[For example:

"Legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities.

Any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts."]

- (xi) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: []

[10. PLACING AND UNDERWRITING]²

- (i) Name and address of the co-ordinator(s) of the global offer and of single parts of the offer: []

- (ii) Name and address of any paying agent(s) and depository agent(s) in each country (in addition to the Principal Paying Agent): []

- (iii) Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements:³ []

- (iv) When the underwriting agreement has been or will be reached: []

¹ If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.

² To the extent known to the Issuer, of the placers in the various countries where the offer takes place.

³ Where not all of the issue is underwritten, a statement of the portion not covered.

11. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear France, Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of Initial Paying Agent(s): []
- (vi) Names and addresses of additional Paying Agent(s) (if any): []

12. GENERAL

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [•], producing a sum of (for Notes not denominated in Euro): [Not Applicable/Euro [•]]

GENERAL INFORMATION

(1) *AMF visa and admission to trading of the Notes issued under the Programme*

Application has been made to the *Autorité des marchés financiers* to approve this document as a base prospectus. Application will be made in certain circumstances to Euronext Paris for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris.

This Base Prospectus received the visa No. 12-166 on 13 April 2012 from the AMF. Euronext Paris is a Regulated Market for the purposes of the Directive 2004/39/EC on markets in financial instruments. The Final Terms applicable to each Series of Notes listed and admitted to trading on any Regulated Market of the EEA will be filed with the AMF. If the Final Terms in relation to a Series of Notes do not specify the aggregate nominal amount of Notes admitted to trading on Euronext Paris, the relevant Final Terms will indicate the manner in and date on which such amount will be made public in accordance with Article 212-27 of the *Règlement Général* of the AMF.

However, Notes may be issued pursuant to the Programme which will not be listed and admitted to trading on Euronext Paris or any other stock exchange or which will be listed or admitted to trading on such Regulated Market as the Issuer and the relevant Dealer(s) may agree.

(2) *Corporate authorisations*

The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the establishment of the Programme, including the resolution of the Board of Directors (*conseil d'administration*) of the Issuer passed on 21 February 2012 authorizing the update of the Programme.

Any issuance of Notes under the Programme, to the extent that such Notes constitute *obligations* under French law, requires the prior authorisation of the Board of Directors (*conseil d'administration*) of the Issuer, which may delegate its power to any of its members or to its Chief Executive Officer (*Directeur Général*).

For this purpose, the Board of Directors (*conseil d'administration*) of the Issuer authorised on 21 February 2012 its Chief Executive Officer (*Directeur Général*) to issue bonds (*obligations*) under the Programme up to a maximum aggregate amount of € 1.4 billion within the limits set by the Board of Directors (*conseil d'administration*).

(3) *Material adverse change in the prospects of the Issuer*

Save as disclosed in this Base Prospectus (including the Documents Incorporated by Reference), there has been no material adverse change in the prospects of the Issuer since 31 December 2011.

(4) *No significant change in the financial or trading position of the Issuer*

Save as disclosed in this Base Prospectus (including the Documents Incorporated by Reference), there has been no significant change in the financial or trading position of the Issuer since 31 December 2011.

(5) *Legal and arbitration proceedings*

Save as disclosed in this Base Prospectus (including the Documents Incorporated by Reference), the Issuer is not, nor 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 the period of 12 months prior to the date of this Base Prospectus

which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

(6) *Definitive Bearer Materialised Note*

Each Definitive Bearer Materialised Note, Receipt, Coupon and Talon will bear the following legend: “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”.

(7) *Clearing systems*

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

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

(8) *Documents on display*

For so long as Notes issued under the Programme are outstanding, copies of the following documents will be available, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection free of charge at the specified offices of the Fiscal Agent or each of the Paying Agents:

- (i) the *statuts* of the Issuer,
- (ii) any Final Terms relating to Notes that are admitted to trading on Euronext Paris or any other Regulated Market,
- (iii) a copy of the Documents Incorporated by Reference, which comprise the 2010 Reference Document and the 2011 Reference Document of the Issuer, together with any supplement to the Documents Incorporated by Reference,
- (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus, and
- (v) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert any part of which is included or referred to in this Base Prospectus in respect of each issue of Notes.

(9) *Publication of the Base Prospectus and the Final Terms*

This Base Prospectus, any Supplement to this Base Prospectus and any documents incorporated by reference in this Base Prospectus or in any Supplement, will be published on the websites of (a) the AMF (www.amf-france.org) and (b) the Issuer (www.valeo.com). The Final Terms related to Notes traded on any Regulated Market in accordance with the Prospectus Directive will be published, so long as such Notes are admitted to trading on any Regulated Market, on the websites of (a) the AMF (www.amf-france.org) and (b) the Issuer (www.valeo.com).

In addition, should the Notes be admitted to trading on a Regulated Market other than Euronext Paris, in accordance with the Prospectus Directive, the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) the Regulated Market where the Notes have been admitted to

trading or (y) the competent authority of the Member State of the EEA where the Notes have been admitted to trading.

(10) *Publication of accounts*

Copies of the 2010 and 2011 annual reports and of non-consolidated and consolidated accounts of the Issuer (including any published semi-annual interim consolidated accounts) (in each case as soon as they are published) may be obtained, and copies of the Agency Agreement will be available for collection, at the specified offices of each of the Paying Agents during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), so long as any of the Notes is outstanding.

(11) *Statutory auditors*

Ernst & Young et Autres, Tour First, 1, place des Saisons, 92400 Courbevoie, France and Mazars, 61, rue Henri Régnault, 92075 Courbevoie, France have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the two financial years ended December 31, 2010 and December 31, 2011. Ernst & Young et Autres and Mazars are members of the French professional body *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

PERSON RESPONSIBLE FOR BASE PROSPECTUS

Person responsible for this Base Prospectus

Jacques Aschenbroich, Chief Executive Officer

Declaration by person responsible for this Base Prospectus

I declare, after having taken all reasonable care to ensure that such is the case and to the best of my knowledge, that the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Paris, 13 April 2012

Valeo
43, rue Bayen
75848 Paris Cedex 17
France

Duly represented by Jacques Aschenbroich
Chief Executive Officer



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* (the "AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa n°12-166 on 13 April 2012. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply an approval by the AMF of the opportunity of the transactions contemplated hereby nor that the AMF has verified the accounting and financial data set out in it. In accordance with Article 212-32 of the AMF's General Regulations, any issuance or admission to trading of notes on the basis of this Base Prospectus shall be subject to the publication of Final Terms setting out the terms of the securities being issued.

Registered Office of the Issuer

Valeo
43, rue Bayen
75017 Paris
France

Arrangers

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

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

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.
Viá de los Poblados s/n
2° Planta
28033 Madrid
Espagne

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

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

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

Crédit Industriel et Commercial
6, avenue de Provence
75008 Paris
France

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

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

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
United Kingdom

Mitsubishi UFJ Securities International plc
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

Natixis
30 avenue Pierre Mendès France
75013 Paris
France

Société Générale
29, boulevard Haussmann
75009 Paris
France

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

BNP Paribas Securities Services

(Affiliated with Euroclear France under number 29106)

Les Grands Moulins de Pantin

9 rue du Débarcadère

93500 Pantin

France

Attention : Corporate Trust Services

Auditors to the Issuer

Ernst & Young et Autres

Tour First

1, place des Saisons

92400 Courbevoie

France

Mazars

61, rue Henri Régnault

92075 Courbevoie

France

Legal Advisers

as to French law

To the Issuer

Cleary Gottlieb Steen & Hamilton LLP

12, rue de Tilsitt

75008 Paris

France

To the Dealers

Clifford Chance Europe LLP

9, Place Vendôme

CS 50018

75038 Paris Cedex 01

France