



Transport et Infrastructures Gaz France
(a *société anonyme* incorporated in France)

€550,000,000 2.20 per cent. Notes due 5 August 2025
Issue Price: 100 per cent.

This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the **Prospectus Directive**) and the relevant implementing measures in France. Application has been made to the *Autorité des marchés financiers* (**AMF**) for approval of this Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

The €550,000,000 2.20 per cent. Notes due 5 August 2025 (the **Notes**) of Transport et Infrastructures Gaz France (the **Issuer** or **TIGF**) will be issued outside the Republic of France and will mature on 5 August 2025. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations and rank and will 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 ratably with all other present or future unsecured and unsubordinated obligations of the Issuer.

Interest on the Notes will accrue at the rate of 2.20 per cent. per annum from and including 5 August 2015 (the **Issue Date**) and will be payable in Euro annually in arrear on 5 August in each year, commencing on 5 August 2016 (each an **Interest Payment Date**). Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See "*Terms and Conditions of the Notes – Taxation*").

Unless previously purchased and cancelled, the Notes may not be redeemed prior to 5 August 2025 (the **Maturity Date**). The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "*Terms and Conditions of the Notes – Redemption and Purchase*"). The Notes may also be redeemed at the option of the Issuer (i) at any time, in whole or in part, at their applicable Make-Whole Amount (as defined in "*Terms and Conditions of the Notes – Redemption and Purchase – Early redemption at the Make Whole Amount*") or (ii) in whole but not in part in the three months prior to the Maturity Date at their principal amount together with any interest accrued thereon (See "*Terms and Conditions of the Notes – Redemption and Purchase – Residual Maturity Call Option*").

If a Put Event (as such term is defined in the Terms and Conditions of the Notes - Condition 4 (c) "*Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control*") occurs, each Noteholder will have the option to require the Issuer to redeem or repurchase all or part of the Notes held by such Noteholder on the Optional Redemption Date (as such term is defined in the Terms and Conditions of the Notes - Condition 4 (c) "*Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control*") at their principal amount together with interest accrued up to but excluding such date of redemption or repurchase all as defined and more fully described in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control*".

Application has been made to Euronext Paris for the Notes to be listed and admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a **Regulated Market**).

The Notes will, upon issue on 5 August 2015, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "*Terms and Conditions of the Notes – Form, Denomination and Title*") including Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

The Notes will be in dematerialised bearer form in the denomination of €100,000. The Notes will at all times be represented in book-entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes are expected to be rated Baa2 by Moody's Investors Services (**Moody's**). Moody's is established in the European Union and has applied to be registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011, although the result of such application has not yet been notified by the relevant competent authority. 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.

Copies of this Prospectus and the documents incorporated by reference will be available for inspection free of charge, at the office of the Fiscal Agent (as such term is defined in the Terms and Conditions of the Notes) and will be available on the websites of the Issuer (www.tigf.fr). A copy of the Prospectus will also be available on the website of the AMF (www.amf-france.org).

Prospective investors should have regard to the factors described in the section headed "Risk Factors" in this Prospectus.

Global Coordinators

NATIXIS

UniCredit Bank AG

Active Joint Lead Managers

Crédit Agricole CIB

HSBC

Passive Joint Lead Managers

Barclays

Citigroup

Mediobanca - Banca di Credito Finanziario S.p.A

The Royal Bank of Scotland

This Prospectus has been prepared for the purpose of giving information with regard to the Issuer and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in “Subscription and Sale” below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or of the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.*

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this 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 since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes 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.

To the extent permitted by law, each of the Managers accepts no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer.

The Managers have not separately verified the information contained in this Prospectus in connection with the Issuer. None of the Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus in connection with the Issuer. Neither this 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 and the Managers that any recipient of this 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 Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers.

See "Risk Factors" below for certain information relevant to an investment in the Notes.

In this Prospectus, unless otherwise specified, references to a “Member State” are references to a Member State of the European Economic Area, references to “EUR” or “euro” or “€” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. For the avoidance of any doubt, such forward-looking statements are not (nor shall they be construed or interpreted as) a "forecast" (or as "forecasts") within the meaning of applicable securities laws and regulations.

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RISK FACTORS

The following are certain risk factors concerning the offering of the Notes of which prospective investors should be aware. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. 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. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views, whether by themselves or with the help of financial, legal or tax advisors prior to making any investment decision.

The terms defined in "Terms and Conditions of the Notes" shall have the same meaning where used below.

Risks related to the Issuer and its business

*The risks described below are those identified by the Issuer that could have an adverse effect on the Issuer's situation. These risks relate to the two types of activities carried out by the Issuer, i.e. gas transmission activities, which shall be considered as "regulated" since they are controlled and monitored by the French Energy Regulation Commission ("**Commission de Régulation de l'Energie**" or **CRE**), and storage activities, for which the operator freely determines most of its marketing policy which is based on a "negotiated" regime. A specific risk is also a change in the regime under which these two activities are carried out, i.e. and for example the change from "negotiated regime" to "regulated regime" for natural gas storage. Additional risks, which are either not currently known or not considered likely to materialise, as at the date of this Prospectus may also exist, such additional risks could materially and adversely affect the Issuer's business, financial condition or the results of its operations. The occurrence of one or more of the above-mentioned risks could also have an adverse effect on the Issuer's situation.*

The Issuer's revenue from its gas transmission network is derived from regulated tariffs, the level of which may have an impact on the Issuer's results

In accordance with Articles L. 452-1 to L. 452-3 of the French Energy Code, the CRE is to make tariff proposals in relation to the transmission of gas after consultation with interested industry participants and all stakeholders, including the Issuer. Deliberations of the CRE in respect of tariff proposals shall be transmitted to the Ministers of Energy and of Economy for approval. In the absence of the opposition of one of these two Ministers within two months following the receipt of the CRE proposals, the ministerial decision is deemed to be acquired. Deliberations of the CRE regarding tariffs are published in the Official Journal of the French Republic (**JORF**).

Article L. 452-1 of the French Energy Code requires tariff proposals in relation to gas transmission activities to be made in accordance with criteria that are public, objective and non-discriminatory, taking into account the nature of the service rendered and the costs associated with this service.

In accordance with the deliberation of the CRE dated 13 December 2012 regarding the tariff for the use of natural gas transmission networks published in the JORF on 5 March 2013 (the **2012 Tariff Decision**), the tariffs for the use of the Issuer's transmission networks (known as the "**ATRT 5 tariffs**") came into effect on 1 April 2013 for a period of approximately four years. The ATRT 5 tariffs provide for an update on April 1st of each year commencing 1 April 2014 in accordance with the procedures laid down in the 2012 Tariff Decision.

Although the regulated tariff structure is intended to permit the Issuer to earn predictable returns, the Issuer cannot guarantee that current or future gas transmission tariffs have been, will or will be set or

revised at a level that would allow it to improve or maintain its profitability margins and its rates of return on investments. Future changes in the tariff structure applicable to the Issuer's gas transmission network could have a material adverse effect on the Issuer's activities, profits and financial results.

Recent or future changes to applicable regulations could create uncertainty in matters that are significant to the Issuer's business and have an adverse effect on its financial condition or results of operations.

The Issuer operates in a highly regulated industry. The laws, regulations, directives, decisions and policies of the European Union, France, and the CRE determine the scope of its activities, and substantially affect its revenues and the way the Issuer conducts its business.

The regulatory framework applicable to the Issuer's gas transmission activities has undergone significant changes as a result of the adoption in 2009 of Directives 2009/72/EC (the ***Electricity Directive***) and 2009/73/EC (the ***Third Gas Directive***) comprising the third package on the internal electricity and gas markets. Directives 2009/72/EC and 2009/73/EC have been implemented in France by ordinance N° 2011-504 dated 9 May 2011 (the ***Ordinance***), which enacts the legislative section of the French Energy Code. Some provisions of that code have then been modified by Law No. 2013-619 of 16 July 2013 *concerning various provisions for adapting French law to European Union legislation in the field of sustainable development* and ordinance No. 2014-948 of 20 August 2014 *relating to the governance and operations on the capital of companies with public participation*.

In accordance with the relevant provisions of the Ordinance and of the French Energy Code, the Issuer is currently certified as a gas transmission system operator (***TSO***), on the basis of the the "ownership unbundling model" (***OU***) pursuant to a deliberation of the CRE dated 3 July 2014.

Since that date, the Issuer has thus to monitor and report on compliance with the rules provided for by article L. 111-8 of the French Energy Code governing unbundled TSOs.

It cannot be excluded that future changes in regulations and future decisions or other actions by the CRE or other governmental authorities could affect the Issuer's business and remuneration in ways it cannot predict. Under the Third Gas Directive, beyond the monitoring of the Issuer's operations, the CRE can force network operators such as the Issuer to make investments, carry out a capital increase or allow for third party investors to acquire its shares. The CRE's powers will also include the power to impose fines. The Minister for Energy also has certain control and punitive powers, including granting or suspending authorisations to transport or store natural gas in the event of a threat to France's natural gas supplies.

A future change in applicable regulations (including European Directives and their implementing measures) and future decisions or other actions by the CRE, the Minister for Energy or other governmental authorities could have an adverse effect on the way the Issuer conducts its business or on its financial condition and results of operations.

The Issuer's activities require various administrative authorisations that may be difficult to maintain or obtain or that may be subject to increasingly stringent conditions

The Issuer's gas transmission and underground natural gas storage activities require various administrative authorisations in France, at local and national levels. The procedures for obtaining and renewing these authorisations can take a long time and be complex. The Issuer may accordingly be required to pay significant amounts to comply with the requirements associated with obtaining or renewing these authorisations (for example, the costs of preparing the application for the authorisations or investments associated with installing equipment required before the authorisation can be issued or renewed). Costs in relation to authorisations associated with the Issuer's gas transmission activities should be covered by the regulated gas transmission tariffs. However, there is no such regulated tariff structure in relation to the Issuer's gas storage activities. There can be no assurance that the Issuer's future revenues will be sufficient to cover all costs associated with obtaining and maintaining administrative authorisations. If the Issuer cannot obtain or renew all such authorizations on a timely basis, or such authorisations are subject to challenge or to more stringent conditions, there could be a negative impact on the Issuer's business and financial condition.

Breaches of, or changes in, any applicable environmental, health and safety laws and regulations may cause the Issuer to incur increased costs or liability or other damages

Gas transmission and underground natural gas storage are potentially dangerous activities and involve the use of products and by-products that may be hazardous to human health and the environment. The Issuer's activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive. The Issuer has made and will continue to make significant capital and other expenditures to comply with applicable environmental, health and safety regulations. The Issuer is continuously required to incur expenditures to ensure that the installations that it operates comply with applicable legal, regulatory and administrative requirements. Any of the Issuer's operations, moreover, may, in the future, become subject to stricter laws and regulations, and correspondingly greater compliance expenditures. Compliance with current and future regulations in the environmental and health areas may have a material financial impact on the Issuer.

Furthermore, although the Issuer believes that its operations are in substantial compliance with applicable environmental and health and safety laws and regulations, the risk of substantial costs and liabilities is inherent in the nature of its operations. There can be no assurance that the Issuer will not incur substantial costs and liabilities, including the cost of clean-up operations and claims for damages to property and persons resulting from environmental or health and safety incidents. Any such costs and liabilities could adversely affect the Issuer's financial condition, results of operations and/or reputation.

Breaches by the Issuer of its the public service obligations as gas transmission and storage operator

In accordance with Article L. 121-33 of the French Energy Code, in the event of a serious breach by the gas transmission or gas storage operator of its public service obligations, likely to be detrimental to the service continuity and to security, the competent administrative authorities give the defaulting operator a notice to remedy such non-compliance, if necessary by providing alternative means so as to prevent any danger and ensure service continuity. Failure to comply with this formal notice may give rise to financial penalties or withdrawal or suspension of the gas transmission or gas storage authorisations ordered by the competent administrative authorities which could adversely affect the Issuer's business, its financial condition, results of operations and reputation.

Failure of the Issuer's gas transmission network or underground storage facilities may impair its operations and revenues and expose it to liability

There are risks associated with the operation of the Issuer's natural gas pipeline network and underground natural gas storage facilities, such as operational hazards and unforeseen interruptions caused by events beyond its control. These include accidents, the breakdown or failure of equipment or processes, the performance of its facilities below expected levels of capacity and efficiency and catastrophic events such as explosions, fires, earthquakes, landslides or other similar events beyond its control.

Any accident might result in injury or loss of life and extensive damage to property or to the environment. Liabilities resulting from any such accident could increase its costs, which could adversely affect its financial condition or results of operations.

In addition, terrorist attacks, sabotage or other intentional acts may cause damages to the Issuer's assets and adversely affect its business, its reputation, its financial condition or the results of its operations.

Any interruption to the Issuer's operations arising from an occurrence of this kind could also impair its operations and result in increased costs and liabilities for it, including successful third-party claims, if any. Such interruptions could also cause the Issuer to breach its regulatory obligations as a natural gas network operator or gas storage facility provider and as a result sanctions could be imposed on it. Any such costs, liabilities or sanctions could adversely affect the Issuer's financial condition or results of operations.

The Issuer's infrastructure investments could be subject to delays

The Issuer's ability to implement infrastructure investments, and the speed at which those investments are implemented, may be affected by delays in receiving necessary authorisations and approvals, delays in the

required expropriation procedures or in construction, objections by local residents and other factors outside its control. Any such delays could adversely affect its financial condition or results of operation.

The Issuer is exposed to risks relating to its reliance on service providers, contractors and subcontractors

The Issuer is exposed to risks relating to its reliance on service providers, contractors and subcontractors notably in the context of the projects relating to its gas transmission network. Although TIGF is careful in the choice of its partners, TIGF cannot guarantee the performance and quality of services carried out by external companies or their compliance with applicable regulations. Financial difficulties, including insolvency, of any such service provider, contractor or subcontractor, or a decrease in the quality of their services, budget overruns or completion delays, are likely to have a negative effect on TIGF's business and results of operations. In addition, the progress of the projects can be delayed and costs can increase if non-performing contractors and/or subcontractors must be replaced by more expensive ones.

The CRE has the power to require the Issuer to carry out investments that are not initially included in its network development plan

Under the implementation of the Third Gas Directive, the CRE has the power to require the Issuer, in its capacity as a natural gas network operator, to modify its ten-year network development plan in order to carry out additional infrastructure investments. Accordingly, the Issuer may be required to carry out investments in addition to those envisioned in its business plan, which may require it to obtain additional funding to that currently contemplated and which may not be as profitable as other investments of the Issuer. In circumstances where the Issuer, for overriding reasons that are beyond its control, does not execute these investments, the CRE is entitled to organise a tender procedure open to any investors for the investment in question. However, as investment programmes are developed in consultation with industry participants in an "open season" process (see "Description of the Issuer – Gas transmission - Infrastructure investments"), the Issuer would generally have an interest in meeting demand for additional infrastructure. Furthermore, the costs of any such investment should be reflected in future tariffs charged by the Issuer to its clients.

Risk related to incentive mechanisms

The Issuer's gas transmission tariff structure for the four-year period commencing 1 April 2013 has incentive-based mechanisms concerning some indicators that are particularly important (i.e., control of investment and operating costs and service quality).

Pursuant to the 2012 Tariff Decision, incentive mechanisms for investments aim in particular (i) at encouraging TSOs to make the necessary investments to improve their performance and (ii) at controlling the costs of investment projects. As regards incentive to control operating expenses, the 2012 Tariff Decision provides that all additional productivity gains that could be achieved by each TSO (including the Issuer) beyond the trajectory of its net operating costs defined for the 2013-2016 period will be kept by the operators (whereas only 50% of such gains were kept under the previous tariff structure that was applicable until 31 March 2013 – known as the "ATRT4 Tariffs") and, that symmetrically, any additional costs will be borne totally by the operators. Finally, within the ATRT5 Tariffs framework the incentive mechanisms for service quality is developed through the application of (i) balancing-related indicators, (ii) indicators for monitoring maintenance, and (iii) indicators for the relationship with clients.

Although the Issuer has implemented a cost control and risk management policy, there can be no assurance the Issuer will meet the objectives set by the incentive mechanisms, in which case the incentive mechanisms may have a negative impact on the Issuer's results. Any such negative impact is not likely to be material in the context of the Issuer's overall business, but there can be no assurance that different incentive mechanisms will not be introduced in the future, which may or may not result in a material impact on the Issuer's results of operations if the relevant objectives are not met.

The inability to attract, train or retain qualified personnel could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects

The Issuer's ability to implement its long-term strategy depends on the capabilities and performance of its personnel. Loss of key personnel or an inability to attract, train or retain appropriately qualified personnel (in particular for technical positions where availability of appropriately qualified personnel may be limited) could affect the Issuer's ability to implement its long-term strategy and could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer's results of operations will be adversely affected if the demand for natural gas in France does not increase at the pace expected or declines from current levels

Demand for the Issuer's transmission and storage capabilities is ultimately driven by demand for natural gas in France, which in turn depends on a number of factors outside of its control, including:

- the development of the electricity market;
- the price of natural gas compared to other fuels;
- economic growth in France generally;
- climate fluctuations;
- the availability of capacity in international importation pipelines;
- environmental laws; and
- the continuing availability of natural gas and liquid natural gas for importation from foreign countries.

A decline in demand for natural gas may have a material impact on the Issuer's activities, in particular on its gas storage activities, whose revenues depend on the volume of demand for storage. Additionally, the Issuer's transmission and storage infrastructure investment decisions have been and will continue to be based on projected demand for natural gas transmission and storage capacity, which reflect currently available data and historical information on market growth trends. Accordingly, if actual demand for natural gas transmission and storage capacity is not in line with the Issuer's projections, the Issuer may not earn the projected return on its investments, and its financial condition or results of operations could be adversely affected. However, returns on investments in the Issuer's transmission infrastructure should not be significantly affected by fluctuations in demand under the current regulated tariff structure.

The Issuer's customers may fail to perform their obligations, which could harm its results of operations

The Issuer is exposed to the risk that its customers may be unable or may refuse to perform their contractual financial obligations, whether as a result of a deterioration in their financial situation or in general economic conditions, or otherwise. Failure by customers of the Issuer to perform their financial obligations could materially adversely affect the Issuer's financial position. This risk is most significant in cases where the Issuer has concentrated exposures to a small number of customers.

The Issuer's activities may fluctuate in accordance with economic cycles and general economic conditions

The Issuer's activities fluctuate in accordance with the economic cycles and general economic conditions of the geographical regions in which it operates, particularly in the South West of France. Any economic slowdown in those regions would lead to a reduction in gas consumption, and, consequently, would have a negative impact on the demand for gas transmission and storage capacity, which in turn could have a temporary adverse effect on the Issuer's activities, profits and prospects. However, as the Issuer's revenues are a function of capacity purchased as opposed to volumes actually transmitted or stored, it is less exposed to temporary fluctuations in economic conditions than other types of businesses. Furthermore, with regard to the Issuer's gas transmission activities, any loss of earnings resulting from a difference between forecast and actual purchases of capacity should be offset by adjustments to the regulated tariffs over the following years. With regard to the Issuer's storage activities, however, failure to sell the unsubscribed portion of spare storage capacity due to a deterioration in general economic conditions could adversely affect the Issuer's results of operations.

The Issuer's storage activities are exposed to the risk of competition and are dependent on a limited number of clients

Users of the Issuer's storage facilities may choose to use storage services of alternative providers located outside of the Issuer's transmission network zone, which could result in the Issuer's storage not being operated at full capacity and/or the Issuer having to be increasingly competitive in terms of pricing. In addition, the Issuer's storage activities is concentrated on a limited number of client. In particular, 45% of TIGF's total storage capacity is reserved pursuant to one single long-term contract, the remaining maturity of which is approximately 5 years as at the date of this Prospectus. If that contract is not renewed or replaced, or is renewed or replaced on terms that are not favourable to the Issuer, the Issuer's results of operations could be adversely affected. The Issuer intends to maintain a competitive price position, which limits the risk of its clients using alternative storage facilities. In addition, the Issuer's clients also have regulatory obligations to store sufficient gas to meet the needs of end users, which could not be fully satisfied by using the storage facilities located outside of the Issuer's zone. However, there can be no assurance that the Issuer's results of operations will not be adversely affected by the existence of alternative storage facilities and/or as a result of the Issuer's dependency on a limited number of storage clients.

The Issuer's storage activities are exposed to the risk of non renewal of the concession title

Underground storage facilities are subject to mining law and can only be operated under a concession title. The Issuer operates the Lussagnet storage site on the basis of a concession title renewed by decree dated 25 march 2003 up to the 1st of January 2018. A demand has been filed on 1 April 2015 to extend the concession title for 25 years. If the concession title is not extended, the Issuer's results of operations could be adversely affected.

Insurance

The Issuer does not have the benefit of any insurance against damage for the underground pipelines it owns. Any material damage to its underground pipelines could have a negative impact on the Issuer's investment plan, financial situation and results of operations. However, the other assets of the Issuer (storage facilities, other gas transmission assets, business premises) are covered by insurance against damage.

Risk relating to information systems

The Issuer operates multiple and highly complex information systems (such as servers, networks, applications and databases) which are essential for the everyday operations of its commercial and industrial business. A problem with one of these systems may have material, negative consequences for the Issuer.

The Issuer's funding costs and access to financing may be adversely affected by changes to credit ratings and by prolonged periods of market volatility or illiquidity

The Issuer's current financings includes (a) two existing bank facilities entered into on 24 June 2011 at prevailing market conditions, made of (i) a EUR 250 million five (5) year term loan facility and (ii) a EUR 250 million five (5) year revolving loan facility, currently drawn for EUR 130,000,000 and (b) the EUR 500 million 4.339 per cent. notes due 2021 issued on 7 July 2011, currently rated Baa2 by Moody's.

In addition to the issuance of the Bonds, it is intended that the Issuer will raise funds through (x) a new EUR 250 million revolving loan facility having an initial maturity of five (5) years with a faculty to extend the maturity for a maximum of two (2) years, entered into at prevailing market conditions and (y) the new issuance of EUR 350 million notes due 2035 as part of an Euro Private Placement (the **PP Notes**).

It is also intended that both of the two existing bank facilities will be fully cancelled and redeemed on 5 August 2015, by using the proceeds of the issue of the Bonds and the PP Notes as well as by drawing under the new revolving loan facility.

Failure by the Issuer to find new financing on similar terms at maturity of those new financings and/or the existing notes (notably to fund its investment plan) would result in higher financing costs and could adversely affect the Issuer's financial condition and results of operations. Furthermore, deteriorations in the Issuer's credit ratings would affect the cost of borrowings under the revolving credit facility and may

adversely affect the Issuer's borrowing capacity and the cost of its borrowings generally. In addition, financial markets can be subject to periods of volatility, interest rate increases and shortages of liquidity. If the Issuer were unable to access the bank markets or other sources of finance on favourable economic terms when required, its cost of financing may increase, future capital investment programmes may need to be reconsidered and the manner in which the Issuer implements its strategy may need to be re-assessed. The occurrence of any such events could have a material adverse impact on the Issuer's business, financial situation or results of operations.

Risks related to the Notes

The Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the 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.

Independent Review and Advice

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Managers (as such term is defined in section "Subscription and Sale – Subscription Agreement) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Legality of Purchase

Neither the Issuer, the Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in 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.

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.

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 secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

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

The market for debt securities issued by the Issuer is influenced by economic 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 Notes or that economic and market conditions will not have any other adverse effect.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. 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 Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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.

Interest rate risks

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

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 4(b), the Issuer may redeem all outstanding Notes in accordance with such Terms and Conditions.

In addition, the Issuer may, at its option (i) from and including 5 May 2025 to but excluding 5 August 2025, redeem all but not some only of the Notes outstanding, at par plus accrued interest, as provided in Condition 4(e) of the Terms and Conditions of the Notes and (ii) redeem, in whole or in part,

the then outstanding Notes at any time prior to the Maturity Date, at the relevant make whole redemption amount, as provided in Condition 4(d) of the Terms and Conditions of the Notes.

Exercise of put option in respect of certain Notes may affect the liquidity of the Notes in respect of which such put option is not exercised

Depending on the number of Notes in respect of which the put option provided in Condition 4(c) is exercised, any trading market in respect of those Notes in respect of which such put option is not exercised may become illiquid.

Market value of the Notes

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Credit Rating may not reflect all risks

The Notes are expected to be rated Baa2 by Moody's on or about their issuance. The rating assigned by the Rating Agency to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

Limited restrictive covenant

The Notes do not restrict the Issuer or any of its Subsidiaries from incurring additional debt. The Terms and Conditions of the Notes contain a negative pledge that prohibits the Issuer in certain circumstances from creating security over assets, but only to the extent that such is used to secure any other present or future indebtedness for borrowed money in the form of, or represented by notes, bonds or other securities (*obligations*) which are for the time being, or are capable of being, quoted, listed, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market. The Terms and Conditions of the Notes do not contain any other covenants restricting the operations of the Issuer, or its ability to distribute dividends or buy back shares. The Issuer's subsidiaries are not bound by the obligations of the Issuer under the Notes and are not guarantors of the Notes.

Change of law

The Terms and Conditions of the Notes are based on the laws of France in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice or the official application or interpretation of French law after the date of this after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

Modification and waiver

Noteholders will be grouped automatically for the defence of their interests in a *Masse*, as defined in Condition 8 of the Terms and Conditions of the Notes. The Terms and Conditions of the Notes permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The general meeting of Noteholders may, subject to the provisions set out in Condition 8, deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, notably on any proposal, whether for arbitration or settlement, relating to the rights in controversy or which were subject of judicial decisions.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure (*procédure de sauvegarde 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) regardless of their governing law. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*), proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

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

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

The procedures, as described above or as they will or may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Prospectus in Condition 8 will not be applicable in these circumstances.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes. Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the ***Savings Directive***), EU Member States are required to provide to the tax authorities of another Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in that other Member State or to certain limited types of entities established in that other Member State. For a transitional period, Austria is instead required (unless during that period Austria elects otherwise) to operate a withholding system in relation to such payments (the

ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). While previously operating a withholding system, Luxembourg has opted for automatic exchange of information under the Savings Directive with effect from 1 January 2015.

A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system, or through a non-EU country which has adopted similar measures and has opted for a withholding system, or through certain dependent or associated territories which have adopted similar measures and which have 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. The Issuer is required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

On 24 March 2014, the Council of the European Union adopted a directive amending the Savings Directive, which, when implemented, will broaden the scope of the Savings Directive. . If they were to take effect, these changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. The Savings Directive would also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships) where an individual resident in a Member State is regarded as the beneficial owner of such payments for the purposes of the Savings Directive. This approach may in some cases apply where such persons, entities or legal arrangements are established or effectively managed outside the European Union. The Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with the amending directive, with application of the new requirements from 1 January 2017.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisors.

European financial transactions tax

On 14 February 2013, the European Commission adopted a proposal for a directive on a common financial transactions tax (the ***FTT***) to be implemented under the enhanced cooperation procedure by eleven Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain) (the ***Participating Member States***).

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to exchanges of financial instruments (including secondary market transactions) in certain circumstances, which could expose the holders of Notes to increased transaction costs. Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State, or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

A joint statement issued on 27 January 2015 by ten (10) of the eleven (11) Participating Member States indicated an intention to implement the FTT no later than 1 January 2016 with the widest possible base and low rates.

The FTT proposal remains subject to negotiations between the Participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

Potential conflict of interest

Certain of the Managers 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, the Parent and the Parent Shareholders (as defined in Condition 7 of the Terms and Conditions of the Notes) in the ordinary course of business. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates the Parent and the Parent Shareholders. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which are published simultaneously with this Prospectus and that have been filed with the AMF:

- (a) the non-consolidated annual financial statements of the Issuer (and the related notes) in the French language for the year ended 31 December 2013 (the **2013 Financial Statements**);
- (b) the statutory auditors' audit report in the French language on such 2013 Financial Statements (the **2013 Audit Report**);
- (c) the non-consolidated annual financial statements of the Issuer (and the related notes) in the French language for the year ended 31 December 2014 (the **2014 Financial Statements**); and
- (d) the statutory auditors' audit report in the French language on such 2014 Financial Statements (the **2014 Audit Report**).

Such documents in the French language¹ shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer, the Issuer's website (www.tigf.fr). For the purpose of the Prospectus Directive, information can be found in the documents incorporated by reference in this Prospectus in accordance with the following cross-reference table (in which the numbering refers to the relevant items of Annex IX of the Commission Regulation No. 809/2004 implementing the Prospectus Directive).

Any information not listed in the following cross-reference table but included in the documents incorporated by reference in this Prospectus is given for information purposes only.

11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES	2013 Financial statements	2014 Financial statements
11.1. <u>Historical financial information</u>		
11.2. <u>Financial statements</u>		
- Balance sheet	Pages 1 to 2	Pages 3 to 4
- Income statement	Pages 3 to 4	Page 5
- Accounting policies and explanatory notes	Pages 5 to 20	Pages 6 to 24
11.3. <u>Auditing of historical annual financial information</u>	Pages 1 to 3	Pages 1 to 3

¹ The English language versions of (i) the 2013 and 2014 non-consolidated annual financial statements of the Issuer (and their related notes) in section "*Financial statements for the years ended 31 December 2013 and 2014*" and (ii) the 2013 and 2014 statutory auditors' audit report in section "*Statutory auditors report of the Issuer on the financial statements for the years ended 31 December 2013 and 2014*" are for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions as incorporated by reference pursuant this section.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issuance outside the Republic of France of €550,000,000 2.20 per cent. Notes due 5 August 2025 (the **Notes**) of Transport et Infrastructures Gaz France (the **Issuer**) has been authorised by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 27 July 2015. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 29 July 2015 with Société Générale as fiscal agent and principal paying agent. The fiscal agent and principal paying agent and paying agents for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Principal Paying Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

1 Form, Denomination and Title

The Notes are issued on 5 August 2015 (the **Issue Date**) in dematerialised bearer form in the denomination of €100,000. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2 Status and Negative Pledge

(a) Status of the Notes

The obligations of the Issuer in respect of the Notes constitute direct, unconditional, unsubordinated and unsecured obligations and rank and will 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.

(b) Negative Pledge

So long as any of the Notes remain outstanding (as defined below), the Issuer will not create or have outstanding any mortgage, charge, pledge or other form of security interest (*sûreté réelle*) (a **Security**) upon the whole or part of its undertakings, assets or revenues, present or future, in order to secure (i) any Relevant Debt (as defined below) or (ii) any guarantee or indemnity in respect of any Relevant Debt unless, at the same time, the Issuer's obligations under the Notes are equally and rateably secured therewith.

For the purposes of this Condition:

- (i) **outstanding** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with Condition 4, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 3 after such date) have been duly paid to the Fiscal Agent and (c) those which have been purchased and cancelled as provided in Condition 4.
- (ii) **Relevant Debt** means any present or future indebtedness for borrowed money in the form of, or represented by notes, bonds or other securities (*obligations*) which are for the time being, or are capable of being, quoted, listed, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

3 Interest

The Notes bear interest at the rate of 2.20 per cent. per annum, from and including 5 August 2015 (the **Issue Date**) payable annually in arrear on 5 August in each year, commencing on 5 August 2016 (each an **Interest Payment Date**). The period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **Interest Period**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the **Noteholders**) in accordance with Condition 9 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first but excluding the last day of such period).

4 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 4.

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 5 August 2025.

(b) *Redemption for Taxation Reasons*

(i) If, by reason of a change in French law or regulation, 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 due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 6 below, the Issuer may on any Interest Payment Date, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but not

some only, of the outstanding Notes at their principal amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6 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 days' prior notice to the Noteholders in accordance with Condition 9 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) *Redemption at the option of Noteholders following a Change of Control*

If at any time while any Note remains outstanding, there occurs (i) a Change of Control and (ii) within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (a **Put Event**), the holder of such Note will have the option (the **Put Option**) (unless, prior to the giving of the Put Event Notice, the Issuer gives notice of its intention to redeem the Notes under Condition 4(b) (Redemption for taxation reasons)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

A **Change of Control** shall be deemed to have occurred each time that any person or persons acting in concert (in each case other than the Original Shareholders as defined below) come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying more than 50 per cent. of the share capital of the Issuer or more than 50 per cent. of the voting rights attaching to the share capital of the Issuer.

Original Shareholder means any of the Investors (as defined in Condition 7(b) below).

Change of Control Period means the period commencing on the date of the first public announcement of the relevant Change of Control (the **Relevant Announcement Date**) and ending on (i) the date which is 90 days after the date on which the Change of Control becomes effective, or (ii) the last day of such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 45 days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration.

For the purpose of this Condition 4 (c), a **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period, the rating of the Notes assigned by any Rating Agency (as defined below) is (i) withdrawn or (ii) changed from an investment grade rating (Baa3/BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (Ba1/BB+, or its equivalent for the time being, or worse) (a **Non Investment Grade Rating**) or (iii) if the rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from Ba1/BB+ to Ba2/BB; or their respective equivalents) or (b) if, on the Relevant Announcement Date, no rating is assigned to the Notes and, within the Change of Control Period, a Rating Agency assigns a Non Investment Grade Rating to the Notes or (c) if, on

the Relevant Announcement Date, no rating is assigned to the Notes and, within the Change of Control Period, no Rating Agency assigns a rating to the Notes, provided that, with respect to (a) and (b) above, (i) 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, as the case may be, if the Rating Agency making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or publicly confirm that the Non Investment Grade Rating or the reduction or withdrawal was the result, in whole or in part, of the Change of Control, as the case may be, and (ii) any Rating Downgrade must have been confirmed in a letter or other form of written communication, sent to the Issuer and publicly disclosed.

Rating Agency means Moody's Ratings or any other rating agency of equivalent international standing requested by the Issuer to grant a credit rating to the Notes or to the Issuer's senior unsecured long term debt and, in each case, their respective successors or affiliates.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 9 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 4(c).

To exercise the Put Option to require redemption or, as the case may be, purchase of the Notes following a Put Event, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period (the **Put Period**) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise (a **Put Option Notice**) and in which the holder may specify a bank account to which payment is to be made under this Condition 4(c).

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

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).

(d) *Early redemption at the Make Whole Amount*

The Issuer may, subject to compliance with all relevant laws, regulations and directives, at any time prior to 5 August 2025 and on giving (i) not less than fifteen (15) nor more than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 9 and (ii) not less than five (5) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Calculation Agent (which notices shall be irrevocable and shall specify the date fixed for redemption (the **Make-Whole Redemption Date**)), redeem the Notes, in whole but not in part, then outstanding at their Make-Whole Redemption Amount. On the Calculation Date, the Calculation Agent shall calculate the Make-whole Redemption Rate applicable on the relevant Make-Whole Redemption Date and determine the relevant Make-Whole Redemption Amount and, promptly on or not later than the Business Day immediately following the Calculation Date, the Calculation Agent shall notify the Issuer, the Fiscal Agent and the Noteholders.

In this respect, the determination of any rate or amount and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Benchmark Rate means, at the Make-whole Redemption Date, the annual rate equivalent to the yield at maturity of the *Bundesobligationen* of the *Bundesrepublik Deutschland* bearing interest at a rate of 1.00% per annum and maturing on 15 August 2025 (ISIN : DE000110238) (the **DBR**), as determined on the Calculation Date. If the DBR chosen as benchmark is no longer outstanding, a Similar Security shall be chosen by the Calculation Agent, acting independently.

Calculation Date means the 3rd (third) Business Day preceding the Make-whole Redemption Date.

Make Whole Amount means the amount in Euros calculated for each Note by the Calculation Agent, rounded to the nearest cent (0.005 being rounded upwards) being the greater of (x) 100 per cent. of the nominal value of such Note and (y) the sum of the remaining scheduled payments in principal and interest on such Note (excluding accrued interest up to the Make-Whole Redemption Date (excluded)), determined on the Make-Whole Redemption Date on an annual basis (Exact/Exact ICMA) at the Make-Whole Redemption Rate plus, in each of the cases (x) and (y) above, interest accrued on such Note up to the Make-Whole Redemption Date (excluded).

Make-Whole Redemption Rate means the sum of the Benchmark Rate and the Make-Whole Redemption Margin.

Make-Whole Redemption Margin means 0.25% *per annum*.

Similar Security means one or more reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

(e) *Residual Maturity Call Option*

The Issuer may, on giving not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable notice to the Noteholders redeem all, but not some only, of the Notes at par together with interest accrued to, but excluding, the date fixed for redemption, no earlier than three (3) months before the Maturity Date.

(f) *Purchases*

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1A and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

(g) *Cancellation*

All Notes which are redeemed or purchased for cancellation pursuant to paragraphs (b)(i), (b)(ii), (c) or, at the option of the Issuer, (d) of this Condition will forthwith be cancelled and accordingly may not be reissued or sold.

5 Payments

(a) *Method of Payment*

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **TARGET System** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day (as defined below) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition **Business Day** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) *Fiscal Agent, Paying Agents and Calculation Agent*

The names of the initial Agents and their specified offices are set out below:

Société Générale
32, rue du Champs de Tir - BP 81236
44312 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent or Calculation Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent, a Principal Paying Agent and a Calculation Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 9.

6 Taxation

(a) *Withholding Tax*

All payments of principal and interest 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 on behalf of the Republic of France or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If, pursuant to French laws or regulations, payments of principal or interest in respect of any Note become subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note;
- (ii) where such withholding or deduction is required to be made pursuant to any European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iii) to the extent such withholding or deduction is in respect of sections 1471-1474 of the U.S. Internal Revenue Code (including any agreements described under section 1471(b) thereof), any intergovernmental agreements relating thereto, or any laws implementing any of the foregoing.

For this purpose, the “Relevant Date” in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the monies payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given to Noteholders that such monies have been so received, notice to that effect shall have been duly published in accordance with Condition 9.

Any references to these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 6.

7 **Events of Default**

(a) *Events of Default*

If any of the following events (each an **Event of Default**) shall have occurred and be continuing:

- (i) in the event of default by the Issuer in the payment of principal and interest on any of the Notes, if such default shall not have been cured within 60 days thereafter; or
- (ii) in the event of default by the Issuer in the due performance of any provision of the Notes other than as referred in Condition 7(i) above, if such default shall not have been cured within 90 days after receipt by the Fiscal Agent of written notice of such default given by any Noteholder; or
- (iii) (a) any Indebtedness (as defined below) of the Issuer (being Indebtedness having an outstanding aggregate principal amount in excess of Euro 50,000,000 or its equivalent in any other currency) is not paid when due or (as the case may be) within any original applicable grace period, (b) any Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of Euro 50,000,000 or its equivalent in any other currency) becomes due and payable prior to its stated maturity as a result of a default thereunder which is not remedied within any applicable grace period

- or (c) the Issuer fails to pay when due any amount payable by it under any guarantee of Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of Euro 50,000,000 or its equivalent in any other currency) unless, in each case, the Issuer is contesting in good faith its obligations to make payment or repayment of such amount; or
- (iv) the Issuer applies for the appointment of an *ad hoc* representative (*mandataire ad hoc*), enters into an amicable settlement (*procédure de conciliation*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or to the extent permitted by law, the Issuer is subject to any other insolvency or bankruptcy proceedings under any applicable laws or the Issuer makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
 - (v) the Issuer is wound up or dissolved, except in connection with a merger or reorganisation provided that the entity resulting from such merger or reorganisation assumes the obligations resulting from the Notes; or
 - (vi) in the event of any payment, repayment, prepayment, redemption, repurchase, defeasance, retirement or discharge, in each case in cash, by the Parent as described hereinafter of any amount of principal, interest (including compounded or capitalised interest), fee, charge or other amount outstanding under or in respect of any Shareholder Debt either (A) in circumstances where the Parent is aware that a Lock-up Event in relation to the relevant payment has occurred and is continuing or would have occurred had the relevant payment been made on the last day of the most recent Relevant Period expiring prior to the relevant payment and if such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder, or (B) at a time where a Rating Downgrade has occurred and is continuing; or
 - (vii) in the event of any payment of dividend or distribution on or in respect of its share capital, redemption, repurchase, defeasance, retirement, distribution or repayment of any of its share capital or share premium reserve, in each case in cash, by the Parent either (A) in circumstances where the Parent is aware that a Lock-up Event in relation to the relevant payment has occurred and is continuing or would have occurred had the relevant payment been made on the last day of the most recent Relevant Period expiring prior to the relevant payment and if such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder, or (B) at a time where a Rating Downgrade has occurred and is continuing; or
 - (viii) more than 75 days have elapsed since the Issue Date and, in the event that any Shareholder Debt is outstanding, the terms relating to such Shareholder Debt do not include for any reason each of the Key Provisions, and such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder **unless** the Noteholders in General Meeting have given their consent to the terms relating to such Shareholder Debt not including each of the Key Provisions; or
 - (ix) more than 75 days have elapsed since the Issue Date and, in the event that any of the ORAs are outstanding, the Terms and Conditions of the ORAs do not include for any reason each of the Mandatory Conversion Provisions, and such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder **unless** the Noteholders in General Meeting have given their consent to the Terms and Condition of the ORAs not including each of the Mandatory Conversion Provisions; or

- (x) more than 75 days have elapsed since the Issue Date and the Issuer and the other parties to the Existing Undertaking Agreement have not executed an undertaking agreement in the same form and content as the Existing Undertaking Agreement, but for (i) the replacement of any references made therein to the EUR 500 million 4.339 per cent. notes due 2021 issued on 7 July 2011, by reference to the Notes, (ii) any consequential or logical changes and (iii) changes of a non-material, technical or administrative nature (the **New Undertaking Agreement**);
- (xi) after the execution of the New Undertaking Agreement, in the event of any event of default under or breach of any provision of the New Undertaking Agreement or any amendment (other than of a non-material, technical or administrative nature), termination, rescission or revocation of the New Undertaking Agreement and if such circumstances shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder,

then the holder of any Notes may, by written notice to the Issuer and the Fiscal Agent given before all continuing Events of Default shall have been cured, cause all such Notes (but not some only) held by it to become immediately due and payable as of the date on which such notice for payment is received by the Issuer and the Fiscal Agent without further formality at the principal amount of the Notes together with any accrued interest thereon.

For the purpose of this condition, **Indebtedness** means (i) any present or future indebtedness for borrowed money in the form of, or represented by, notes, notes or other securities (*obligations*) which are for the time being, or are capable of being, quoted, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market or (ii) any indebtedness of the Issuer which is in the form of or represented by any bank loan.

Neither of the events set out in paragraphs (vi) and (vii) above shall constitute an Event of Default in respect of any payment or other transaction as referred to therein which is:

- i. made to fund a Permitted Purpose; or
- ii. funded directly out of the proceeds received by the Parent of the subscription for new ordinary shares of the Parent or made by way of *incorporation de créances au capital* of the Parent or by way of conversion into shares of the Parent; and

None of the events set out in paragraphs (vi) to (xi) (inclusive) above shall constitute an Event of Default if any such event occurs upon or after the occurrence of a Change of Control (other than a Change of Control where the persons or persons acting in concert which come(s) to own or acquire(s) directly or indirectly the required number of shares in the capital of the Issuer or voting rights attaching to the share capital of the Issuer is one or more of the Investors).

For the purposes of Condition 7 (*Events of Default*) of the Terms and Conditions of the Notes the following definitions and provisions shall apply:

(b) *Definitions*

For the purpose of this Condition:

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Acquisition Costs means all fees, costs and expenses, stamp, registration, transfer and other Taxes incurred or reasonably expected to be incurred by the Parent or any other member of the Group in connection with the acquisition by the Parent of the shares of the Issuer and the related documentation.

Borrowings means, at any time, the outstanding principal or capital amount of any Financial Indebtedness of the Group **provided that**:

- a) Financial Indebtedness owed by one member of the Group to another member of the Group or which is Shareholder Debt shall not be included; and
- b) pensions liabilities and any participation or profit sharing employees shall not be included.

Calculation Date means the last day of any Relevant Period.

Cash Equivalent Investments means at any time investments which are in the reasonable opinion of the Issuer equivalent to cash.

Consolidated EBITDA means, for any Relevant Period and without duplication, the consolidated profits of the Group from ordinary activities:

- a) **before deducting** Interest Payable, any other Interest for which any member of the Group is liable to a third party, any deemed finance charge in respect of any pension liabilities and other provisions and any interest and amounts in the nature of interest (paid or not paid or capitalised) in respect of any Borrowings from any direct or indirect shareholder of the Issuer or from any Affiliate of any such shareholder;
- b) **before deducting** any amount of Tax on profits, gains or income paid or payable by any member of the Group;
- c) **after adding back** (to the extent otherwise deducted) any amount attributable to any amortisation whatsoever (including amortisation of any goodwill arising on any acquisition made by a member of the Group), and any impairment or depreciation or accelerated depreciation whatsoever;
- d) **after adding back** (or as the case may be deducting) any CRPC adjustment made by the CRE;
- e) **after deducting** (to the extent included) Interest Receivable;
- f) **after adding back** any negative items (to the extent otherwise deducted) or deducting any positive items (to the extent otherwise included), of a one-off, nonrecurring, extraordinary or exceptional nature (including, without limitation, any restructuring expenditure or the costs of any aborted equity or debt securities offering and start up losses for new entities or operations);
- g) **after deducting** (to the extent otherwise included) any gain over book value arising in favour of a member of the Group in the disposal of any asset (not being any disposals made in the ordinary course of trading) during such period and any gain arising on any revaluation of any asset during such period;
- h) **after adding back** (to the extent otherwise deducted) any loss against book value incurred by a member of the Group on the disposal of any asset (not being any disposals made in the ordinary course of trading) during such period and any loss arising on any revaluation of any asset during such period;
- i) **after adding back** (to the extent otherwise deducted) Acquisition Costs incurred by or allocated to a member of the Group for that period;
- j) **after deducting** (to the extent not already deducted) any amount paid in respect of land tax (*taxe foncière*), business contribution on property (*cotisation foncière des entreprises*) and business contribution on added value (*cotisation sur la valeur ajoutée des entreprises*);
- k) **after adding** (to the extent not already included) the realised gains or deducting (to the extent not otherwise deducted) the realised losses arising at maturity or on termination of forward foreign exchange and other currency hedging contracts or hedging instruments entered into with respect to the operational cash flows of the Group (but taking no account of any unrealised gains or loss on any

hedging instrument whatsoever and excluding any IAS 39 timing differences relating to changes in the unrealised fair value of derivatives);

- l) **after adding back** (to the extent otherwise deducted) any fees, costs or charges of a non-recurring nature actually paid related to any equity offering, acquisitions, investments (including any joint venture investment made by a member of the Group) or Financial Indebtedness (whether or not successful);
- m) **after adding back** (to the extent otherwise deducted) any costs or provisions relating to any share option or incentive schemes of the Group;
- n) **after deducting** the amount of profit (or adding back the amount of any loss) of any entity (which is not a member of the Group) in which any member of the Group has an ownership interest to the extent that the amount of such profit or loss is included in the accounts of the Group and after adding the amount (net of any applicable withholding tax) received in cash by members of the Group through distributions by any such entity;
- o) **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- p) **after adding** non-cash charges from fair value adjustments and mark to market adjustments in respect of any derivative instruments or hedging arrangements; and
- q) **after adding** (to the extent not already included) the proceeds of any business interruption insurance.

Consolidated Net Finance Charges means, for any Relevant Period, the amount of Interest Payable during that period less Interest Receivable during that period.

Consolidated Total Net Debt means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Borrowings but:

- a) including, in the case of Finance Leases, only the capitalised value thereof; and
- b) deducting the aggregate amount of cash and Cash Equivalent Investments held by any member of the Group.

Finance Lease means any lease or hire purchase contract which would, in accordance with GAAP applicable as at 4 February 2013, be treated as a finance or capital lease.

Financial Indebtedness means any indebtedness for or in respect of:

- a) moneys borrowed;
- b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- c) any amount raised pursuant to any note purchase facility or the issue of bonds (but excluding for the avoidance of doubt, any performance bonds, letters of credit or similar instruments in respect of the obligations of any member of the Group arising in the ordinary course of trade), notes, debentures, loan stock or any similar instrument;
- d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- f) any amount raised under any other transaction (including any forward sale or purchase agreement) which is classified as "borrowing" under GAAP;

- g) any amount raised by the issue of redeemable shares which are redeemable other than at the option of the issuer before the date provided for the redemption of the Notes;
- h) any amount of any liability under an advance or deferred purchase agreement if the primary reason behind the entry into such agreement is to raise finance; and
- i) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

GAAP means generally accepted accounting principles under the French *Plan Comptable Général* and the French *Code de Commerce* including IFRS.

Group means the Parent and its Subsidiaries from time to time.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Interest means interest and amounts in the nature of interest (whether or not paid or capitalized).

Interest Cover means, in respect of any Relevant Period, the ratio of Consolidated EBITDA for that Relevant Period to Consolidated Net Finance Charges for that Relevant Period.

Interest Payable means, in respect of any Relevant Period, the aggregate of Interest accrued (whether or not paid or capitalised) in respect of any Borrowings of any member of the Group during that Relevant Period but:

- a) excluding (to the extent included) any amortisation of fees, costs, ticking fees, original issue discount and expenses incurred in connection with the raising of any Borrowings; and
- b) excluding any capitalised interest (including accrued PIK interest), the amount of any discount amortised and other non-cash interest charges during the Relevant Period,

and calculated on the basis that:

- i. the amount of Interest accrued will be increased by an amount equal to any amount payable by members of the Group under hedging agreements in respect of Interest in relation to that Relevant Period;
- ii. the amount of Interest accrued will be reduced by an amount equal to any amount payable to members of the Group under hedging agreements in respect of Interest in relation to that Relevant Period; and
- iii. any gains or losses realised on the termination of any hedging agreement will be excluded.

Interest Receivable means, in respect of any Relevant Period, the amount of any interest payable on any cash and Cash Equivalent Investments by any third party to members of the Group during the Relevant Period.

Investors means Société C31 S.A.S., SNAM S.p.A, Pacific Mezz (Luxembourg) S.à r.l. and Prévoyance Dialogue du Crédit Agricole SA (hereinafter **Predica**) or any of their respective Affiliates and/or any trust, fund or other person controlled, managed or advised by any of the foregoing.

Key Provisions means, in respect of the terms and conditions applying to any Shareholder Debt, provisions which in substance state or provide as follows (which in the case of (f) below, shall be deemed to include any such provisions as may be set out in any agreement between the direct and indirect shareholders of the Parent):

- a) that the Parent's payment obligations in cash with respect to principal and interest on such Shareholder Debt shall be subordinated and junior in right of payment to any other indebtedness, present or future, owed by the Parent to any third party, including present and future indebtedness (if any) of the Parent to (i) trade creditors and any refinancing of any such indebtedness and (ii) any creditors under "*prêts participatifs*";
- b) for there to be no covenants, acceleration rights, rights to declare a default or event of default, put options or mandatory early redemption or prepayment events, in each case enforceable by the creditors of such Shareholder Debt other than any such provisions which are not enforceable at any time prior to the date on which no amounts are outstanding under or in respect of the Notes or where the relevant obligation may be satisfied by the issue of ordinary shares in the capital of the Parent;
- c) for there to be no Security granted by any member of the Group in respect of such Shareholder Debt;
- d) that any right or obligation of the Parent to make any payment in cash of any amount of principal or interest under or in respect of such Shareholder Debt (including any call option in respect of such Shareholder Debt which may be settled in cash) shall be subject to such payment not constituting an event of default under the Notes (including for the avoidance of doubt, the event of default set out at (vi) above);
- e) for the scheduled maturity date of such Shareholder Debt to be no earlier than 29 July 2043; and
- f) that Shareholder Debt is to be considered as stapled with the shares of the Parent Shareholder and that Shareholder Debt cannot be transferred without a *pro-rata* acquisition (by way of purchase, subscription or conversion/redemption of Shareholder Debt acquired into shares) by the transferee of shares of the Parent Shareholder (other than where Shareholder Debt is transferred to an Affiliate of the transferor or is transferred to the Parent Shareholder).

Lock-up Event means, at any time while any Note is outstanding, any Lock-up Ratio not being met in respect of the most recent Relevant Period expiring prior to the proposed relevant payment in cash by the Parent.

Lock-up Ratios means the following:

- a) **Interest Cover:** Interest Cover in respect of any Relevant Period being not less than 4:1; and
- b) **Total Net Leverage:**
 - i. in respect of any actual or potential payment, repayment, prepayment, redemption, repurchase, defeasance, retirement or discharge, in each case in cash, by the Parent of any principal amount outstanding under or in respect of the ORAs, Total Net Leverage in respect of any Relevant Period not exceeding 4.75:1; and
 - ii. in respect of any actual or potential (x) payment, repayment, prepayment, redemption, repurchase, defeasance, retirement or discharge, in each case in cash, by the Parent of any amount outstanding under or in respect of any Shareholder Debt other than principal under or in respect of the ORAs or (y) payment of dividend or distribution on or in respect of its share capital, redemption, repurchase, defeasance, retirement, distribution or repayment of any of its share capital or share premium reserve, in each case in cash, by the Parent, Total Net Leverage in respect of each Relevant Period the last day of which falls during each Year referred to in the table below not exceeding the level set out opposite each Year in the table below:

Test Date falling in	Total Net Leverage
Year 1	5.50:1

any Subsequent Year	5.25:1
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For these purposes:

- **Year 1** means the period of twelve (12) months commencing on 1 January 2015 and expiring on 31 December 2015.
- **Subsequent Year** means any period of twelve (12) months commencing on 1 January and expiring on 31 December in the same year but not including Year 1.

Mandatory Conversion Provisions means, in respect of the Terms and Conditions applying to the ORAs, provisions which in substance provide or state that the Parent shall immediately redeem all (and not part only) of the outstanding ORAs in ordinary shares upon the occurrence of any of the following events:

- a) A Parent Insolvency Event;
- b) A Notes Event of Default;
- c) Any event of default under or breach of any provision of the New Undertaking Agreement or any amendment (other than of a non-material, technical or administrative nature), repudiation, rescission or revocation of the New Undertaking Agreement and if such circumstances shall not have been remedied within 60 days of the Issuer giving written notice of such default or circumstances to the other parties to the New Undertaking Agreement.

Notes Event of Default means any event having occurred and being continuing which constitutes an **Event of Default** as defined in the Term and Conditions of the Notes.

ORAs means the EUR 670,000,000 8 per cent. bonds mandatorily redeemable in ordinary shares due 2043, issued by the Parent on 29 July 2013, the terms and conditions of which were amended on 13 December 2013. A copy of the amended terms and conditions of the ORAs (the **ORAs' Amended Terms and Conditions**) will be available for inspection by the Noteholders at the registered office of the Issuer and at the specified offices of any of the Paying Agents.

Parent means TIGF Investissements (formerly known as *Société C29*), which acquired the entire issued share capital of the Issuer on 30 July 2013 and which is the direct Holding Company of the Issuer.

Parent Insolvency Event means:

- a) the Parent is in *cessation des paiements* in accordance with Article L.631-1 of the French *Code de commerce* or becomes insolvent or is unable to pay its debt or fails or admit in writing its inability generally to pay its debts as they become due;
- b) any resolution is passed or order made for the winding up, dissolution, administration or reorganization of the Issuer, a moratorium is declared in relation to any indebtedness of the Issuer or an administrator is appointed to the Parent;
- c) any proceedings for *sauvegarde*, *sauvegarde financière accélérée*, *sauvegarde accélérée*, *redressement judiciaire*, *liquidation judiciaire* are opened in respect of the Parent;
- d) the appointment of any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Parent or any of its assets;
- e) the appointment of any *mandataire ad hoc* or *conciliateur* is made in respect of the Parent or any of its assets in accordance with Articles L.611-3 to L.611-5 of the French *Code de commerce*; or
- f) any analogous procedure or step is taken in respect of the Parent in any jurisdiction.

Parent Shareholder means TIGF Holding.

Permitted Purpose means:

- a) the redemption, repurchase, defeasance, retirement or repayment of any of the Parent's share capital (including the repurchase of shares) held by departing management and departing employees or any payment of the Parent to fund such a payment by any of the Parent's Holding Companies provided that such payment does not exceed EUR 5,000,000;
- b) the payment to or to the order of any of the Parent's Holding Companies (and, in addition, in the case of (ii) below, the shareholders (direct or indirect) of the Parent) of the following items or any payment by the Parent to fund such a payment by any of the Parent's Holding Companies:
 - i. any sum required to maintain the corporate existence of the Parent's Holding Companies;
 - ii. any management fees, ad hoc advisory fees, or other fee or expenses so long as such payment does not exceed EUR 5,000,000 per annum in aggregate for all Holding Companies and shareholders (direct or indirect) of the Parent;
 - iii. any corporate income Tax amount due, as the case may be, by the Parent and/or the Issuer to any Holding Company of the Parent in its quality of parent of a French tax consolidated group up to the amount of the corporate income tax the Parent and/or the Issuer would have paid to the French tax authorities had it not been part of such French tax consolidated group and provided for in any tax sharing agreement; and
 - iv. repayment of an amount up to the amount received from any of the shareholders (direct or indirect) of the Parent on account of any indemnity given or any additional equity contribution provided by such shareholders, in respect of any tax payable by the Parent to the extent that the Parent subsequently obtains a refund or reimbursement from any person in respect of such tax.

Rating Downgrade shall be deemed to have occurred and be continuing if the senior unsecured issuer and debt rating of the Issuer assigned by any Rating Agency is reduced to any level below Baa3 (in the case of a rating by Moody's Investor Services Limited), below BBB- (in the case of a rating by Standard & Poor's Rating Services or Fitch Ratings Ltd) or below the equivalent level in the case of any other Rating Agency and, in each case, such rating has not been restored at or above such levels.

Relevant Period means each period of twelve months ending on the last day of each financial year of the Issuer and each period of twelve months ending on the last day of the first half of each financial year of the Issuer.

Shareholder Debt means any Financial Indebtedness of the Parent towards any of its direct or indirect shareholders or any Affiliate of such a shareholder (excluding, for the avoidance of doubt, any member of the Group), including (without limitation) under the ORAs.

Shareholder Debt Modification means any amendment, novation, supplement, extension, increase or replacement to or of the terms relating to any existing Shareholder Debt which would (i) have the effect that each of the Key Provisions would not be included or continue to be included in the terms relating to such Shareholder Debt or any replacement thereof and (ii) for so long as any of the ORAs are outstanding, have the effect that the Terms and Conditions of the ORAs would not include or continue to include each of the Mandatory Conversion Provisions.

Subsidiary means, in relation to any company, another company which is controlled by it within the meaning of article L.233-3 of the French *Code de Commerce*.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Total Net Leverage means, in respect of any Relevant Period, the ratio of Consolidated Total Net Debt on the last day of that Relevant Period to Consolidated EBITDA for that Relevant Period.

Existing Undertaking Agreement means the undertaking agreement dated 13 December 2013 entered into by TIGF Holding, TIGF Investissements, Société C31, SNAM S.p.A, Elbe Investment Pte Ltd. and the Issuer. A copy of the Existing Undertaking Agreement will be available for inspection by the Noteholders at the registered office of the Issuer and at the specified offices of any of the Paying Agents.

(c) *Calculations and information covenants*

For the purpose of this Condition, the Lock-up Ratios shall be tested in respect of each Relevant Period.

The Lock-up Ratios shall be calculated in accordance with GAAP and shall be confirmed by compliance certificates which shall be delivered by the Issuer to the Noteholders (i) for the first time, within 75 days of the Issue Date and (ii) thereafter, within 180 days after the end of each of the Parent's financial years and within 90 days after the end of each of the Parent's financial half years and which shall be notified to the Noteholders in accordance with any of the methods provided for in Condition 9 (Notices) as to the delivery of notices to the Noteholders.

The first compliance certificate shall:

- a) set out (in reasonable detail) computations as to the satisfaction (or non-satisfaction) of the Lock-up Ratios;
- b) confirm that in the event that any Shareholder Debt is outstanding, the terms relating to such Shareholder Debt have been amended to the extent necessary to include each of the Key Provisions;
- c) confirm that in the event that any of the ORAs are outstanding, the terms and conditions of the ORAs have been amended to the extent necessary to include the Mandatory Conversion Provisions. A copy of the amended terms and conditions of the ORAs will be available for inspection by the Noteholders at the registered office of the Issuer and at the specified offices of any of the Paying Agents; and
- d) confirm that the New Undertaking Agreement has been executed. A copy of the New Undertaking Agreement will be available for inspection by the Noteholders at the registered office of the Issuer and at the specified offices of any of the Paying Agents.

The subsequent compliance certificates shall:

- a) set out (in reasonable detail) computations as to the satisfaction (or non-satisfaction) of the Lock-up Ratios;
- b) confirm that, there has been no Shareholder Debt Modification or, if or if there has been a Shareholder Debt Modification, set out the details thereof; and
- c) confirm that, to the best of the knowledge and belief of the party issuing the relevant certificate, there has been no event of default under or breach of any provision of the New Undertaking Agreement or any amendment (other than of a non-material, technical or administrative nature), termination, rescission or revocation of the New Undertaking Agreement.

A Lock-up Event shall no longer be considered to be "continuing" if at a subsequent Calculation Date, any Lock-up Ratio which was not satisfied as at the previous Calculation Date is satisfied as at such subsequent Calculation Date.

For the purpose of the calculation of any Lock-up Ratio:

- a) there shall be included in determining Consolidated EBITDA (but without double counting) for any Relevant Period (including the portion thereof occurring prior to the relevant acquisition):

- i. the consolidated earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA, mutatis mutandis) for the period of any person, property, business or material fixed asset acquired and not subsequently sold, transferred or otherwise disposed of by any member of the Group during such Relevant Period (each such person, property, business or asset acquired and not subsequently disposed of being an *Acquired Entity or Business*); and
 - ii. if material (unless, in relation to any material adjustment which could be made as a result of cost savings, the Parent elects not to include such cost savings in the determination of Consolidated EBITDA), an adjustment in respect of each Acquired Entity or Business acquired during such Relevant Period equal to the amount of the Pro forma Adjustment with respect to such Acquired Entity or Business for such Relevant Period;
- b) there shall be excluded in determining Consolidated EBITDA for any Relevant Period the earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA, mutatis mutandis) of any person, property, business or material fixed asset sold, transferred or otherwise disposed of by any member of the Group during such Relevant Period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion) (each such person, property, business or asset so sold or disposed of being a *Sold Entity or Business*);
 - c) Consolidated Net Finance Charges will be adjusted to reflect the assumption or repayment of debt owed by or relating to any Acquired Entity or Business or Sold Entity or Business; and

Pro forma Adjustment shall mean, for any Relevant Period that includes the date on which the acquisition of or investment in an Acquired Entity or Business has been made, with respect to the Consolidated EBITDA of that Acquired Entity or Business, the *pro forma* increase in such Consolidated EBITDA projected by the Parent in good faith as a result of reasonably identifiable and supportable cost savings realisable during the period of twelve (12) months from the date of the relevant acquisition or investment in combining the operations of such Acquired Entity or Business with the operations of the Parent and its Subsidiaries (where such cost savings shall include the full year effect resulting from measures which are capable of being implemented in such 12 month period), which, by reference to the Parent's knowledge with regard to the information reasonably available at such time, the Parent reasonably believes to be realisable, **provided that** so long as such cost savings will be realisable at any time during such period, it may be assumed, for purposes of projecting such *pro forma* increase to such Consolidated EBITDA, that such cost savings will be realisable during the entire such period, **provided further that** any such *pro forma* increase to such Consolidated EBITDA shall be without duplication for cost savings actually realised during such period and already included in such Consolidated EBITDA.

Following the cessation of a Lock-up Event (including the case where a Lock-up Ratio has not been satisfied, but is satisfied as at any subsequent Relevant Period) any cash available for distribution which was previously locked-up at the level of the Parent as a result of such Lock-up Event will, subject to the terms and conditions of the Notes, become immediately available for distribution by the Parent and other purposes not expressly prohibited by the terms and conditions of the Notes.

For the purposes of the calculation of the Lock-up Ratios, no item shall be included or excluded more than once in any calculation.

If there is a change in GAAP and that affects any calculation (or any accounts to be used for the purposes of any calculation) to be made under this Condition 7 in any material respect, then the Issuer shall, upon delivery of any certificate to be delivered pursuant to this Condition 7 after the occurrence of such change, also deliver to the Noteholders in accordance with any of the methods provided for in Condition 9 (Notices) as to the delivery of notices to the Noteholders, reasonable details of any adjustments which need to be made to the relevant accounts in order to bring them into line with the GAAP as in force as at the date

of the New Undertaking Agreement and the certificates to be delivered pursuant to this Condition 7 after the occurrence of such change shall be prepared taking any such adjustments into account.

8 Representation of the Noteholders

Noteholders will be grouped automatically for the defence of their common interests in a *masse* (the **Masse**). The *Masse* will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L. 228-48, L. 228-59, R. 228-63, R. 228-67 and R. 228-69 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 the Representative may be conferred on a person of any nationality. 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 spouse; 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 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (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 following person is designated as Representative of the *Masse*:

Association de représentation des masses de titulaires de valeurs mobilières (**ARM**)
32 rue du Champ de Tir
CS 30812
44308 Nantes cedex 3

The Issuer shall pay to the Representative of the *Masse* an amount equal to EUR500.00 per annum, payable annually on each Interest Payment Date, up to and including 5 August 2025.

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

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

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

The Representative may not interfere in the management of the affairs of the Issuer.

- (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 of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 9 not less than 15 days prior to the date of such General Meeting.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

- (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 the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

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

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

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 9.

- (f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.
- (g) **Expenses:** The Issuer will pay all reasonable 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) **Notice of Decisions:** Decisions of the meetings shall be published in accordance with the provisions set out in Condition 9 not more than 90 days from the date thereof.

9 Notices

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.tigf.fr); and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.fr). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

10 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

11 Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

12 Governing Law and Jurisdiction

The Notes are governed by the laws of France.

For the benefit of the Noteholders, the Issuer submits to jurisdiction of the competent courts in Paris. This submission shall not limit the right of any Noteholder to take proceedings in any other court of competent jurisdiction.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be EUR 547,925,000,000 and will be used by the Issuer for the purpose of refinancing existing bank facilities of the Issuer (being a EUR 250 million term loan facility and a EUR 250 million revolving loan facility, currently drawn for EUR 130,000,000) and existing bank facilities within the Group (being two term loan facilities of EUR 200 million each).

DESCRIPTION OF THE ISSUER

GENERAL INFORMATION ABOUT TIGF

Transport et Infrastructures Gaz France (**TIGF**) was incorporated in France on 17 November 1945 (for a period of 99 years) and is registered at the Trade and Companies Registry of Pau (*Registre du Commerce et des Sociétés de Pau*) under reference number 095 580 841 RCS Pau.

TIGF is a limited liability company (*société anonyme*) with a Board of Directors (*conseil d'administration*) governed by (i) the laws and regulations applicable to commercial companies in France, in particular, the French *Code de commerce*, (ii) specific provisions of French law in relation to natural gas transmission network and storage facility operators, including (x) certain provisions of the French Energy Code and (y) certain provisions of law no. 2003-8 dated 3 January 2003, law no. 2004-803 dated 9 August 2004 as amended by ordinance n° 2011-504 dated 9 May 2011 implementing Directive 2009/73/EC of 13 July 2009 on the common rules for the internal natural gas market and (iii) the Issuer's by-laws (*statuts*).

The registered office of TIGF is 40, avenue de l'Europe - 64000 Pau, France. TIGF's telephone number is +33 (0)5 59 13 34 00 and its website is www.tigf.fr.

History and development of TIGF

On the date of its incorporation, *i.e.* on 17 November 1945, TIGF was named Société Nationale de Gaz du Sud Ouest (SNGSO). SNGSO was created for the purpose of transporting and marketing natural gas in the South West of France, including the operation and maintenance of over 800 kilometres of pipelines.

SNGSO was formed as a joint venture between the Régie Autonome des Pétroles (RAP) and the Société Nationale des Pétroles d'Aquitaine (SNPA). In 1955, Gaz de France (GDF) acquired 30% of SNGSO. SNGSO was then owned as to 70% by SNPA and as to 30% by GDF.

The original source of natural gas transported by SNGSO was the Saint Marcet gas deposit, which was discovered by the RAP in 1939. The first gas pipeline in the south-west was built in 1942, to supply the region of Toulouse. In 1957, the Lacq deposit was put into operation in order to supply natural gas to the public and to industry in the South West of France. The Lussagnet aquifer underground natural gas storage site commenced operations at the same time.

The pipeline network in the South West of France developed rapidly from the Atlantic to the Mediterranean coast, increasing from 3,000 kilometres of pipeline in the 1980s to over 5,064 kilometres of pipeline at the date of this Prospectus, with over 500 delivery points.

The network was extended beyond France in 1993, with the construction of the first Trans-Pyrenees gas pipeline, linking Lacq with Calahorra in Spain via the Port of Larrau.

In 1976, SNPA merged with the Entreprise de Recherches et d'Activités Pétrolières (the ERAP), which had become the corporate successor of the RAP in 1965, to become Société Nationale Elf Aquitaine (SNEA). SNEA was privatized in 1994, and SNGSO was re-named Gaz du Sud-Ouest (GSO).

From 1998, GSO supplied, transported and marketed natural gas on a fully integrated basis.

In March 2000, the Totalfina and Elf groups merged, becoming TotalFinaElf, and then becoming the Total group in 2003. The merged entity held 70% of GSO, with GDF continuing to hold the remaining 30%.

In October 2004, Total S.A. and GDF terminated their joint ventures in gas transmission and supply in the South West of France. As a result, GSO became a wholly-owned subsidiary of Total S.A.

On 1 January 2005, GSO became TIGF. Total Stockage Gaz France and Total Transport Gaz France, two other wholly-owned subsidiaries of Total S.A., were then merged into TIGF in April 2005.

TIGF was owned as to 99.99% by Total Gaz Electricité Holdings France S.A.S with the remainder held by directors of TIGF or employees of the Total group.

100% of the shares of Total Gaz Electricité Holdings France S.A.S. were held by Elf Aquitaine S.A., which was itself owned as to 99.99% by Total S.A. The remaining shares of Elf Aquitaine S.A. were held by board members and/or employees of the Total group.

In accordance with the relevant provisions of the Ordinance and of the French Energy Code, TIGF has first been certified as a gas transmission system operator (**TSO**) in a resolution of the CRE dated 26 January 2012, on the basis of the “Independent Transmission Operator” (**ITO**) model, *i.e.* as a transmission system operator belonging to a vertically integrated undertaking (**VIU**) (namely the Total group) on 3 September 2009.

In July 2013, the shares of TIGF held by Total Gaz Electricité Holding France S.A.S. have been transferred to TIGF Investissements S.A.S., which was itself owned at 100% by TIGF Holding S.A.S..

The shareholders of TIGF Holding S.A.S. were as follows:

- SNAM S.p.A. (45%), an Italian infrastructure manager;
- Pacific Mezz (Luxembourg) S.à r.l. (35%), a Luxembourg law company wholly owned by Pacific Mezz Pte. Ltd., itself wholly owned by GIC (Ventures) Pte. Ltd., both of which are Singapore law companies; and
- Société C31 S.A.S. (20%), a company wholly-owned by Electricité de France SA, acting through its division EDF Invest (hereinafter **EDF Invest**).

As a result of this transaction, the CRE initiated a procedure for the re-examination of TIGF’s certification in September 2013. Since at that time TIGF did not belong to a VIU anymore, it requested to be certified as an independent TSO on the basis of the “ownership unbundling model” (**OU**).

By a deliberation of the CRE dated 3 July 2014, TIGF has obtained its current certification as an independent TSO on the basis of the OU model.

On 26 February 2015, Prévoyance Dialogue du Crédit Agricole SA (hereinafter **Predica**), a company wholly owned by Crédit Agricole Assurances, entered into the share capital of TIGF with a 10% stake.

The acquisition of a 10% interest in TIGF Holding has been implemented in accordance with Article 11.6 of the TIGF Holding shareholders' agreement signed on 6 November 2013, as reviewed by the CRE in the last certification of TIGF SA dated 3 July 2014.

Following the acquisition and the dilution resulting from the increase in capital, Predica holds 10%, SNAM S.p.A holds 40.5%, Pacific Mezz (Luxembourg) S.à r.l. holds 31.5% and Société C31 S.A.S. holds 18% of TIGF Holding’s capital.

The entry of Predica, acting as a financial investor, is not such as to justify a review of the certification of TIGF SA as an OU. The shareholding structure and the governance rules of TIGF SA submitted to the CRE for its last certification should remain unchanged² considering that such acquisition complies with the European and French rules described above and should not result in a new certification to be issued by the CRE. The CRE has been duly informed of such acquisition in accordance with the rules of the French *Code de l'énergie* and the process is still ongoing.

Rules applicable to TIGF as an OU

The current certification of TIGF as an independent TSO on the basis of the OU model has been obtained by a deliberation of the CRE dated 3 July 2014. Since that date, the Issuer is thus certified as a TSO under the OU

² The shareholders' agreement has been slightly amended, mainly to include Predica and to allow it to keep its right, under some conditions, to have a representative in Management Boards (“*conseil d'administration*”) of TIGF Holding and TIGF Investissements if Predica comes to own less than 10% of TIGF Holding’s capital.

model and has to monitor and report on compliance with the rules provided for by article L. 111-8 of the French *Code de l'énergie* implementing the ownership unbundling as contemplated by EU law (Article 9(1) of the Third Gas Directive). The ownership unbundling prohibits the same person from being authorised to:

- (i) directly or indirectly exercise control³ over an undertaking performing any of the functions of production or supply, and directly or indirectly exercise control or exercise any right⁴ over a transmission system operator or over a transmission system;
- (ii) directly or indirectly exercise control over a transmission system operator or over a transmission system, and directly or indirectly exercise control or exercise any right over an undertaking performing any of the functions of production or supply.

In this respect, Article 9(2) of the Third Gas Directive does not prohibit the holding of purely passive financial rights related to a minority shareholding.

Article 9(1) of the Directive also provides that:

- the same person is not entitled to appoint members of the supervisory board, the administrative board or bodies legally representing the undertaking of a TSO or a transmission system, and directly or indirectly to exercise control or any right over generation, production and/or supply activities;
- the same person is not entitled to be a member of the supervisory board, the administrative board or bodies legally representing the undertaking, of both a producer or supplier and a TSO (or a transmission system).

In addition, and in order to avoid undue influence arising from vertical relations between gas and electricity markets, Article 9(3) of the Third Gas Directive and of the Electricity Directive provide that ownership unbundling provisions apply across the gas and electricity markets, thus prohibiting influence over both an electricity generator or supplier and a gas TSO or a gas producer or supplier and an electricity TSO.

Corporate purpose of TIGF

In accordance with Article 3 of its by-laws, the corporate purpose of TIGF is to manage and develop its present and future assets in France and in Europe, and in particular:

- to construct, operate and market, either directly or indirectly, through equity stakes or subsidiaries in France or in member states of the European Union or the European Economic Area, natural gas transmission networks, natural gas underground storage facilities or liquefied natural gas facilities;
- to invest in companies that trade in natural gas on exchanges and more generally, to carry out any industrial, financial, commercial or technical, personal or real property activities relating, directly or indirectly, to the above purpose.

1. Business Overview and Principal activities of TIGF

1.1 Presentation of TIGF businesses

TIGF's principal businesses are gas transmission and the underground storage of natural gas. The gas transmission business involves the transmission of gas to end-users such as industries and public distribution

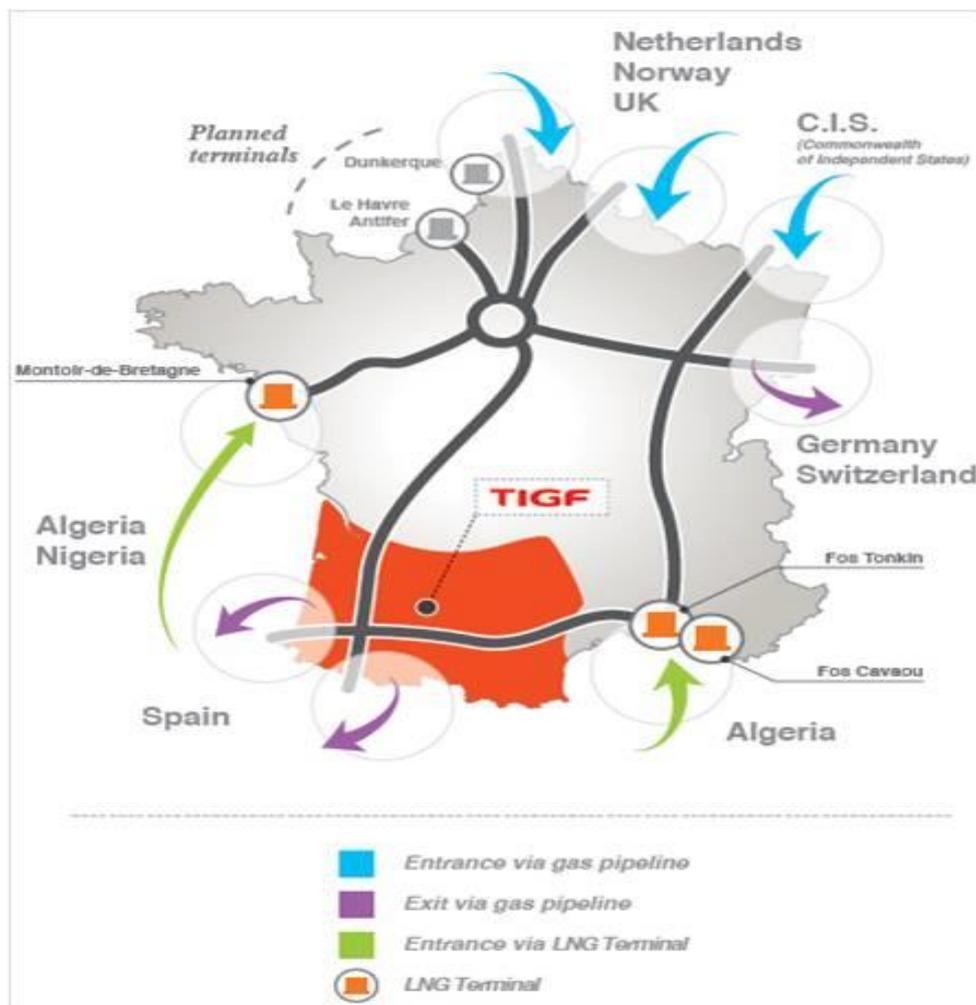
³ The concept of "control" is taken from Council Regulation No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings and should be interpreted accordingly. Under Article 3(2) of such Regulation, "control" is constituted by rights, contracts or any other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking.

⁴ Pursuant to Article 9(2) of the Directive, "any right" refers to: (a) the power to exercise voting rights; (b) the power to appoint members of the supervisory board, the administrative board or bodies legally representing the undertaking; or (c) the holding of a majority share.

networks in the south-west of France, as well as providing connections to other networks in France, Spain and the rest of Europe. The underground natural gas storage business consists of the operation of two storage facilities in the South West of France.

TIGF has the benefit of over fifty (50) years of experience in gas transmission and storage. The gas transmission business is a regulated activity with predictable cash flows, as transmission tariffs are set by the CRE. The gas storage business is not subject to regulated tariff-setting. However, structural and seasonal needs contribute to steady demand for storage, resulting in a resilient business model.

The combination of TIGF’s transmission and storage activities provide shippers with flexibility in the management of flows and allows them to deal with possible variations in supply. At the heart of connections between France and Spain, and midway between the North sea gas reserves and those of Algeria, TIGF holds a strategic location in Europe:



TIGF’s strategic goal is to develop activities that will improve fluidity in the European gas markets and contribute to security of gas supply, in particular by continuing to develop interconnections between France and Spain and improving the performance of its storage services. It is focused on providing new customer-oriented services and reinforcing its positioning as a high-value partner in the gas chain.

TIGF is also involved in the deployment of the Biomethane sector by providing the best possible response to the producers' expectations. To achieve this, TIGF has set up a team dedicated to the management of connection and injection requests. This means that a specific, appropriate response is given to each individual project. TIGF also contributes to the development of this sector through:

- its participation in the "Injection" work group, a consensus panel for the sector in France, co-steered by the Agency for the Environment and Energy Management (ADEME) and GrDF;
- steering the register for the management bookings for biomethane injection across the entire south-west injection zone;
- following the latest European news on the issue, in particular through Gas Infrastructure Europe (GIE) and the European Network of Transmission System Operators for Gas (ENTSOG);
- its research and development program which aims to integrate renewable energies like biomethane into transmission systems.

The first injection of biomethane, produced from agricultural raw materials, into the TIGF transmission system will be a defining moment of 2015.

1.2 Gas Transmission

(a) General

There are two gas transmission network operators in France: TIGF and GRTgaz.

TIGF inherited the know-how built up by GSO over more than 50 years. Starting off as a regional player in South West France, GSO grew to become an important intra-European gas transport hub, thanks in particular to investments linking Spain to the rest of Europe.

TIGF's gas transmission activity has two main purposes: delivering gas to consumers in South West France, and contributing to security of gas supply in Europe through its network interconnections, which help diversify supply sources.

TIGF's transmission tariffs are regulated, giving rise to a predictable return on investments (see "Tariffs for using the gas transmission network" below).

The quantities carried continued to grow in 2014 to reach 143 TWh, i.e. approximately 16% up on the year before. Sustained demand to transport gas from TIGF zone to Spain, thanks to major infrastructures such as the Artère de Béarn and the Artère de Girland, is the main reason for this growth in transits. Franco-Spanish flows reached 49 TWh at the end of 2014, compared with 39 TWh in 2013, i.e. a 25% increase in transits to the peninsula. Gas that transits from France to Spain through the TIGF grid supplies 15% of the Spanish market. This growth in transmission activity reinforces TIGF's role as a European cross-border gas operator.

(b) TIGF's gas transmission network

TIGF's gas transmission network has two parts: the main grid and the regional grid.

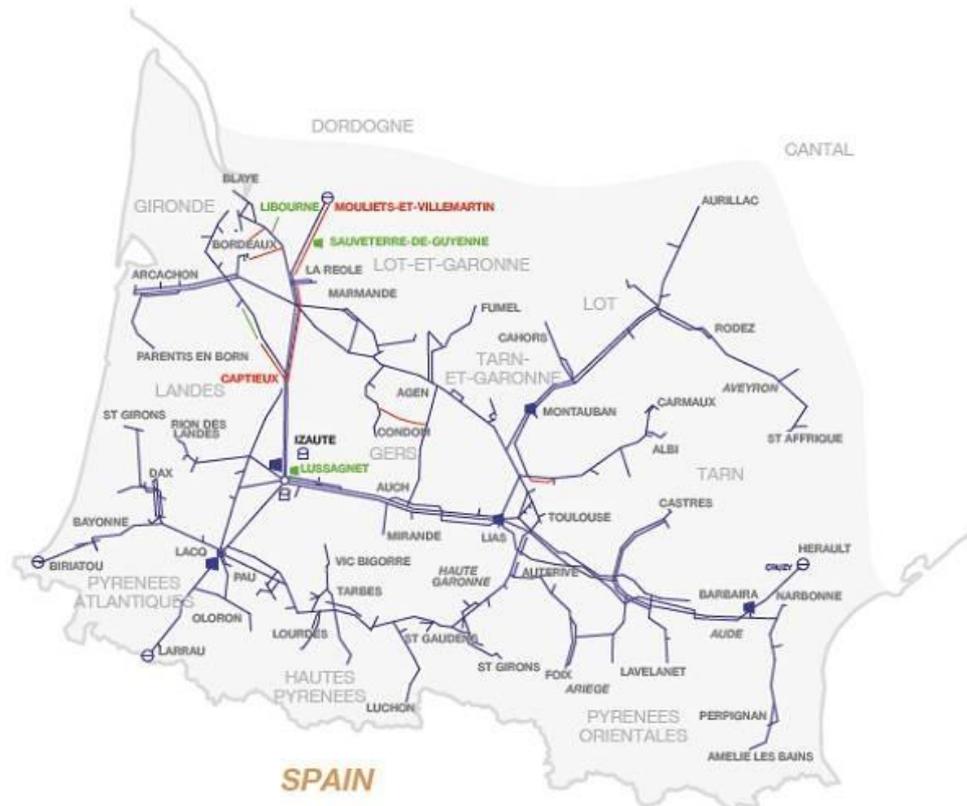
The main grid provides a two-way link between the grids operated by neighbouring transmission systems operators in France and Spain, and access to the Lussagnet and Izaute storage sites.

The regional grid is sized to meet consumption needs within the area and carries gas from the main grid to industrial consumers directly connected to the TIGF one, or to distribution grids supplying consumers in urban areas.

The TIGF gas transmission network consists of over 5,064 kilometres of pipelines, representing approximately 14% of France's main pipeline network, and carrying approximately 16% of the total volume of natural gas transported in France, according to estimates of the Issuer.

TIGF's network transports high pressure natural gas to industries and communities in South West France and provides important links between Spain, France and the rest of Europe. It is operated from a control centre located in Pau.

The following map illustrates the geographical coverage of the TIGF network:



TIGF's network has 6 compression stations with a total power output of 70 MW. 2014 annual gas consumption in the area served by the TIGF network amounts to 31 TWh, compared to a total of 450 TWh of annual gas consumption in France.

Pipeline diameter ranges from 50 mm to 900 mm. Maximum operating pressure varies between 20 and 80 bar. The pipelines are buried under a layer of earth between 0.8m and 1.2m thick.

The pipelines in TIGF's network range in age from newly installed to original pipe dating back to the 1950s. On average, the pipelines are approximately 30 years old. TIGF's network undergoes constant maintenance, modernisation and replacement in order to ensure high performance and safety standards.

(c) Third party access to the network

The European and French regulatory framework in the gas sector gas is intended to ensure competitive and efficient European gas markets. An important element of that framework is the principle of transparent and non discriminatory access to gas transmission networks. Accordingly, Articles L. 111-97 to L. 111-110 of the French *Code de l'énergie* require gas transmission network operators such as TIGF to guarantee a right of access to suppliers of natural gas (or their representatives) and end users. Network operators must also guarantee access to their networks and ancillary services for the purpose of enabling cross-border transit of high pressure gas within the European Economic Area.

In setting the conditions under which they will agree to grant access to their networks, TIGF and other network operators are required to refrain from discriminating between different network users or different categories of network users.

TIGF and other network operators must notify the CRE in the event that they refuse to grant access to their network to a third party. Subject to limited exceptions, refusal to grant access to the network may only be based

on (i) lack of capacity, (ii) integrity, safety or technical considerations, (iii) or a need to give priority to public service obligations or (iv) a temporary exemption granted to a supplier for its obligations⁵.

(d) Operation of TIGF network / Balancing

TIGF's transport service consists in collecting the gas supplied to it by the shippers at one or more inlet points and in delivering an equivalent quantity of energy to one or more redelivery points, within the limits of daily and hourly capacities established by contract.

The delivery of gas of a contractually specified quality and quantity and the balancing of natural gas flows requires sophisticated modelling taking into account, among other things, detailed daily weather forecasts and consumption records, as well as firmly established expertise in the areas of safety, flow distribution and quality monitoring.

Furthermore, pursuant to Article L. 431-3 of the French *Code de l'énergie*, network operators such as TIGF are required to ensure that their networks are safe and efficient and to ensure that gas flows are balanced at all times, taking into account technical constraints.

As maintaining balanced gas flows ultimately depends on how shippers manage their inputs and off-takes, shippers are required to ensure, on a daily basis, that the quantity of energy supplied at the inlet point equals the quantity of energy collected at the delivery point, applying operating methods defined by TIGF. Shippers are bound to pay daily imbalance charges in relation to their daily imbalance quantity for each gas day. Shippers must also pay additional charges if they use more capacity than they have reserved.

The Third Gas Directive provides that (i) balancing rules shall be market based, (ii) transmission system operators are to provide sufficient, well-timed and reliable information on the balancing status of network users and (iii) imbalance charges are to be cost-reflective to the extent possible, whilst providing appropriate incentives on network users to balance their input and off-take of gas.

Under French law, balancing rules changed on 1 April 2015 in line with the European harmonisation of rules on balancing natural gas transmission networks and the roadmap towards the target balancing system approved by the CRE. This is the final stage before the European Network Code on Gas Balancing of Transmission Networks is fully applied on 1 October 2015⁶.

Transportation system operators are in charge of the balancing of the transmission system and they rely on shippers to do so. Shippers have to strike the best possible balance between their input and outputs, via the expansion method ("*le foisonnement*"), in order to avoid discrepancies.

The new balancing system is a market-orientated one, in that it encourages shippers on the transmission system to manage all imbalances themselves, clearing them on a daily basis, with no accumulation or tolerances.

In light of the above, TIGF offers shippers services to help them manage the inevitable imbalances arising from the differences between forecasts and actual events:

- TIGF currently proposes an optional daily balancing service (*SEJ*) allowing shippers to minimize part of their daily imbalances on its transmission network. This service is intended for any shipper who has subscribed to an injected quality or drawn-off quantity allocation at the storage transport interface point, to optimise their daily balance on the TIGF transport grid. The allocation is limited, on the one hand, by the daily draw-off and injection capacities and, on the other hand, by the shipper's subscribed

⁵ If severe economic and financial difficulties threaten the TSO or if its unfavourable development could not reasonably have been foreseen at the time of the conclusion of its commitments, annual derogations can be granted by the CRE. The decision shall be motivated, published and notified to the European Commission.

⁶ As a reminder, the European network code was adopted on 26 March 2014 by the European Commission and published on 27 March 2014 in the Official Journal of the European Union. It will be mandatory as of 1 October 2015.

value. For shippers who have subscribed capacity in the TIGF storage facilities, nominations may be corrected after the event in proportion to their subscribed storage capacity; and

- TIGF publishes an individual balancing notice from 26 January 2015 to every single shipper. Such balancing notice provides to shippers intraday information that will allow them getting a balanced position on TIGF's network, on both the day before and the current gas day, for each program cycle.

In addition, the implementation of revised and homogenous balancing rules for the GRTgaz and TIGF networks was necessary for the creation of a common market place for the TIGF and GRTgaz South networks as of 1 April 2015 (as provided for by the May 2014 Deliberation), because until then balancing rules were different for each separate zone. The CRE published a deliberation on 15 January 2015 approving the new balancing rules.

(e) Code of best practice

Values and principles on the basis of which TIGF's work is founded are set out in a code of conduct. This document is a reminder of TIGF's commitments, principles that have been adopted by TIGF and regulations applicable to its activities.

This code sets also out the principles guiding how TIGF works with all its stakeholders and the behaviour expected from TIGF, both as a team and as individuals.

(f) Public service obligations

Article L. 121-32 of the French *Code de l'énergie* and the French governmental Decree n° 2004-251 dated 19 March 2004 relating to public service obligations in the gas sector (the *March 2004 Decree*) provide that gas operators, such as TIGF, have public service obligations. Article L. 121-32 of the French *Code de l'énergie* provides for a list of public service obligations applicable to gas operators (*i.e.*, suppliers, transmission operators, distribution operators and underground storage concession holders). Public service obligations vary according to the type of operator and are therefore specified under transmission authorisations, underground storage concessions, concessions schedule of conditions and a Decree.

In respect of gas transmission, the main obligation of operators is to ensure service continuity and provide natural gas in a continuous manner, even in extreme weather conditions. Extreme weather conditions are defined as a winter as cold as it occurs statistically once every 50 years, or 3 consecutive days of temperatures as cold as occur statistically once every 50 years.

In accordance with Decree no. 2004-251 of 19 March 2004 and Article L. 121-33 of the French *Code de l'énergie*, in the event of a serious breach by the transmission operator of its public service obligations, likely to be detrimental to the service continuity and to security, the Minister for Energy gives the defaulting operator a notice to remedy such non-compliance, if necessary by providing alternative means so as to prevent any danger and ensure service continuity. In case of breach, the Minister may also withdraw or suspend the transmission authorisation.

(g) TIGF's gas transmission clients

With a total of 49 active customers in January 2015, TIGF's role as a cross-border gas operator is even stronger.

There are currently three types of clients for TIGF's transmission capabilities: shippers (representing EUR 227 million in sales in 2014), industrial clients and distribution network operators (representing EUR 12 million in sales in 2014) and a single transmission network operator (representing EUR 33 million in sales in 2014).

TIGF offers three types of services for its clients:

- transport services, allowing shippers to send volumes of natural gas from one point on the grid to another, which generate variable capacity reservation fees,
- a connection service, which generates fixed annual service fees, and
- the provision of additional services, tailored to customer's needs, with specific fee structures.

Shippers typically subscribe for transmission capacity on the main network, at the entrance and exit points of the TIGF network, and at the entrance and exit points of TIGF storage facilities. The main network is designed to transport large volumes of gas over long distances, including in order to carry gas in transit to other networks. They also subscribe for capacity on the regional network at the exit point for consumption by industrial clients or towards other distribution network operators. The regional network is designed to transport smaller quantities of gas over shorter distances, primarily for regional users.

Shippers pay a capacity reservation fee that is not linked to the quantities of gas actually transported.

For a separate fee, shippers use the PEG (“*Point d’Echange Gaz*” or Gas Exchange Point) or Powernext in order to trade gas quantities. The fee for this service is linked to the quantities of gas traded.

Industrial clients and distribution network operators use services linked to connections between their infrastructures and the TIGF network, such as pipe maintenance and pressure offer. A service fee is set annually and revalued on the basis of indexations or in the event that specific works are needed.

The single transmission network operator pays a fee for a gas transfer service – transferring gas from the South West of France for delivery to the North East of France. The fee is designed to remunerate TIGF for its investment in the Guyenne Artery (see “Infrastructure investments” below). The fee is set annually and is subject to indexation, according to the terms of a long term contract maturing in 2033.

(h) Tariffs for using the gas transmission network

Articles L. 452-1, L. 452-2 and L. 452-3 of the French *Code de l’énergie* provide that the CRE is to make tariff proposals in relation to the transmission of gas after consultation with interested market participants and all stakeholders, including the Issuer. The deliberations of the CRE in respect of tariff proposals shall be transmitted to the Ministers of Energy and of Economy for approval. In the absence of the opposition of one of the two Ministers within two months following the receipt of the CRE proposal, a ministerial decision is deemed to be acquired. Resolutions of the CRE regarding tariffs are then published in the JORF.

Pursuant to Article L. 452-1 of the French *Code de l’énergie*, tariff proposals are to be made in accordance with criteria that are public, objective and non-discriminatory, taking into account the nature of the service rendered and the costs associated with the service.

Decree no. 2005-607 of 27 May 2005 *regarding tariff fixing rules applicable to the use of natural gas transmission networks*, specifies that tariffs are to be set for each transmission system operator, such as the Issuer, in consideration for all of the relevant operator’s operating and investment costs.

In this respect, operating costs include, *inter alia*, the costs for the management and maintenance of the network, for the management of users’ accounts, and the costs of public service obligations in relation to the operation of the transmission network, as well as research and development expenditures necessary to ensure the safety of the network and the quality of gas at entrance and exit points of the network, and costs of extension of the network. Investment costs include amortisation of fixed costs and return on invested capital.

As regards the current tariff structure, the 2012 Tariff Decision setting the ATRT5 tariffs introduces significant changes, in particular to the organisation of gas marketplaces in France . In accordance with this 2012 Tariff Decision and the May 2014 Deliberation, as of 1 April 2015, the GRTgaz South and TIGF PEG have merged and, as a result, a common GRTgaz South and TIGF PEG, which name is TRS (Trading Region South), has been created, with the possibility of maintaining a separate balancing zone for each transmission operator. Such development which aims at preparing the creation of a single marketplace in France by 2018 is consistent with the French energy policy guidelines and the European “Gas target model”. It results in the following changes in the tariff structure:

- elimination of the tariff at the interconnection point of the GRTgaz and TIGF networks (PIR Midi);
- alignment of the tariffs at the Transport Storage Interface Points (PITS) of GRTgaz and TIGF;

- creation of a joint PEG associated with the trading zone created by the reunion of the balancing zones of GRTgaz and TIGF.

Methodology

Pursuant to the 2012 Tariff Decision, the ATRT 5 tariffs currently applicable to the TIGF natural gas transmission network came into effect on 1 April 2013 for a four-year period, and are to be updated in April 1st of each year, as from 1 April 2014. The current TIGF tariffs are to remain in effect for roughly four years (*i.e.*, until 31 March 2017).

Article L. 452-3 of the French *Code de l'énergie* provides that CRE's deliberations on the tariffs for the use of natural gas transmission networks "[...] may provide for a pluriannual management structure for the changes in tariffs as well as appropriate short or long-term measures to encourage operators to improve their performance related, in particular, to the quality of service provided, integration of the internal gas market, the security of supply and productivity efforts".

In this respect, the current tariff framework defined by the 2012 Tariff Decision includes *inter alia*:

- incentive regulations in respect of investment, operating expenses (*OPEX*) and the service quality;
- the expense and revenue clawback account ("*compte de régularisation des charges et produits*" or *CRCP*);
- the change of the tariff structure on 1st April each year as from 1 April 2014 during the tariff period.

Incentive mechanisms

In light of the above, the tariff structure includes incentive mechanisms for investments, which aim in particular (i) at encouraging operators to make the necessary investments to improve their performance and (ii) at controlling the costs of investment projects.

As regards incentive to control operating expenses, the 2012 Tariff Decision provides that all additional productivity gains that could be achieved by each TSO (including the Issuer) beyond the trajectory of its net operating costs defined for the 2013-2016 period will be kept by the operators (whereas only 50% of such gains were kept under the previous tariff structure that was applicable until 31 March 2013 – known as the "ATRT4 Tariffs") and, that symmetrically, any additional costs will be borne totally by the operators.

Finally, within the ATRT5 Tariffs framework, another incentive mechanism aims to improve the quality of the service provided to users of transmission networks, within areas deemed particularly important for the proper functioning of the market. The service quality incentive mechanism is developed through the application of (i) balancing-related indicators, (ii) indicators for monitoring maintenance, and (iii) indicators for the relationship with clients.

The expense and revenue clawback account (*CRCP*)

The *CRCP* aims at adjusting discrepancies between forecasted and actual costs and revenues recorded for predefined items. The reconciliation of this account's balance is performed by reducing or increasing the revenues to be collected through tariffs.

In order to ensure financial neutrality of the mechanism, the amounts taken into account in the *CRCP* are adjusted to present value using an interest rate equivalent to the risk-free rate retained in the current tariff, set at 4% per year, nominal before tax.

Development of the tariff structure during the tariff period

The TIGF tariff structure is to change on 1st April each year as from 1 April 2014 during the tariff period, according to the following principles:

- taking into account of the trajectory of the authorised revenue defined for four years and composed of (i) the capital expenses trajectory defined by the CRE, (ii) the operating expenses trajectory set by the CRE and (iii) the updating of the “energy and CO² quotas” item;
- updating of capacity subscriptions assumptions;
- reconciliation of a quarter of the overall balance of the CRCP;
- changes in tariff structure decided by the CRE.

Tariff levels

As mentioned above, the current tariff framework recognises operating costs and investments made by the Issuer. In this respect, tariff levels are established so as to cover:

- operating expenses (*i.e.*, operational costs necessary for the functioning of the transmission network) ;
- transmission capacity subscriptions (*i.e.*, the capacity volumes which will be sold by the transmission operator during the tariff period); and
- capital expenses which include (i) the return on and depreciation of the regulated asset base (**RAB**) as well as (ii) the rate of return on assets and, (iii) the financial cost of assets under construction:
 - (i) the valuation of the RAB is carried out using a “current economic costs” method, whose main principles were set out in Article 81 of the amending Finance law of 28 December 2011, to determine the transfer price for the State’s natural gas transmission networks.

The duration of economic depreciation is currently set at 50 years for pipelines and 30 years for compressors. Assets are re-valued on 1 January each year.

The calculation of the RAB and capital expenses takes into account investment projections provided by the operators and revised by CRE. The investment trajectories retained for TIGF are as follows:

€M	2013	2014	2015	2016
Net investments excluding subsidies	132	121	89	82

Source: 2012 Tariff Decision, § 2.2 Investment programmes, p. 16

- (ii) the method to set the basic rate of return on assets is based on the weighted average cost of capital (**WACC**), set at 6.50% (real before tax);
- (iii) the capital expenses also include the financial cost of assets under construction, set at 4.6%.

Pursuant to the 2012 Tariff Decision, TIGF’s projected RAB has been established at the following levels for the purposes of calculating tariffs for the 2013-2016 period:

€M	2013	2014	2015	2016
RAB as at 1 January/n	1,117.6	1,210.1	1,248	1,365.5
Commissioning (*)	123.9	72.8	153.4	100.2

Depreciation	53.1	57.4	60.5	64.6
Revaluation	21.8	22.5	24.7	25.9
RAB as at 31 December/n	1,210.1	1,248	1,365.5	1,427

*Investments entering the RAB

Source: 2012 Tariff Decision, § 4.2 Capital expenses, p. 21

For the purposes of calculating tariffs for the 2013-2016 period, capital expenditures are deemed to include the financial return on, and the depreciation of, the RAB, as well as the return on fixed assets under construction. Pursuant to the December 2012 Tariff Decision, the CRE has calculated capital expenses (revenue coming from capital and amortisation) for TIGF as follows:

€M	2013	2014	2015	2016
Capital expenses	143.8	157.3	164.5	176.8

Source: 2012 Tariff Decision, § 4.4 Authorised revenue, p. 23

Pursuant to the 2012 Tariff Decision, TIGF's operating expenses for the purposes of calculating tariffs for the 2013-2016 period were defined on the basis of all of the operating costs necessary for the operation of TIGF's transport network, as communicated to the CRE and as they appear in TIGF's accounts, subject to certain adjustments by the CRE. Forecasts of other sources of income received separately from the tariff for the use of the transport network are deducted from operating expenses for the purposes of determining net operating expenses to be covered by the tariff. Net operating expenses for the purposes of the tariff for the 2013-2016 period have been determined by the CRE as follows:

€M	2013
Gross operating expenses	104.9
Operating income	40.7
Net operating expenses	64.2

Source: 2012 Tariff Decision, § 4.1 Operating expenses, p. 21

€M	2014	2015	2016
Operating expenses	66.3	68.2	CPI+2.45%
Revised energy costs	4.7	5.8	6
Net operating expenses	70.9	74	CPI+2.45%

Source: Deliberation of the CRE on 19 March 2015 deciding on the development of the tariffs for the use of natural gas transmission networks, § III.D. p. 12 and § III.A p.40

Total authorised revenues (equal to capital expenses plus net operating expenses minus the CRCP balance) for TIGF have been set at the following levels for the 2013-2015 period pursuant to the December 2012 Tariff Decision (and updated pursuant to a decision of the CRE dated 19 March 2015):

€M	2013	2014	2015	2016
Capital expenses	143.8	157.3	164.5	176.8
Net operating expenses	64.2	70.9	74	CPI+2.45%
CRCP	-3.2	-0.7	-1.3	-1.3
Total authorised revenue	204.9	227.5	237.2	

Source: Deliberation of the CRE on 19 March 2015 deciding on the development of the tariffs for the use of natural gas transmission networks, § III.C - Reconciliation of CRPC and § III.D. – Authorised revenue, p. 12

(h) Technical standards for the gas transmission network

Pursuant to governmental decree n° 2004-555 of 15 June 2004, gas operators such as TIGF must establish technical standards for their network, which must be complied with by gas suppliers and shippers and storage concession holders.

The technical standards set by network operators must ensure network inter-operability and not result in any discrimination in terms of access. The purpose of the technical standards is to ensure public security, the protection of the environment and the operational safety of the network.

The technical standards relate to the design and construction specifications of the pipelines (materials, diameter, length, maximum pressure); the features of connection works (materials, method of assembly, safety equipment); characteristics of metering equipment; required characteristics of natural gas at entry and connection points; operating, monitoring and maintenance conditions; and intervention procedures.

TIGF publishes its current technical standards on its website.

(i) Infrastructure investments

TIGF has contributed to the diversification of the supply of gas in the TIGF zone by developing input capacities from GRTgaz and from Spain, as well as by developing gas transmission capacities commensurate with the development of storage possibilities.

At a national level, the reinforcement of the Guyenne Artery has improved gas flows in the South of France, due to the increased capacity available to shippers at the interface between the TIGF and GRTgaz south zones. The Guyenne Artery represented an investment of 273 million euros. Since its commissioning in October 2013, the Girland project, which links Lussagnet to Captieux, has pursued a dual objective. This new pipeline increases gas transit capacities while allowing for smoother flows for storage station users at Lussagnet and Izaute. Moreover, the Adour Artery project, expected to be commissioned on 1 December 2015, comprises the construction of a pipeline between Coudures and Arcagues. This new link will help increase transit capacities up to Biriattou, on the border between France and Spain, and to connect Spanish operators directly to the Lussagnet site in France.

At the European level, TIGF has developed interconnections with Enagas and Naturgas in Spain, which allows the transmission of gas from the south of Europe via Spain to the Northern European markets.

The Third Gas Directive gave new powers to national regulatory authorities such as the CRE regarding the monitoring of investments. In particular, gas transmission network operators are required to submit to national

regulatory authorities a ten-year network development plan based on existing and forecast supply and demand. The plan is to indicate the main transmission infrastructures that should be built or upgraded over the next ten years, identify new investments which will have to be executed in the next three years and provide a time frame for each investment project.

At the European level, the European Network of Transmission System Operators for Gas (ENTSOG) is to define a non-binding Community-wide ten-year network development plan every two years, after a consultation process with stakeholders. The Agency for the Cooperation of Energy Regulators (ACER) is to provide an opinion on the plan and monitor its implementation, after checking its consistency with national plans.

At a national level, national regulatory authorities are to organise a public consultation on network operators' ten-year network development plans and publish the synthesis of the consultation. National regulators are also to examine the consistency with the European ten-year network development plan published by ENTSOG and, if any doubt arises, consult ACER. They may also require network operators to amend their plan. In accordance with the provisions of Article L. 431-6 II of the French *Code de l'énergie*, the CRE is entitled to organise a tender procedure open to any investors within three months after the sending of a formal notice remaining unsuccessful, if TIGF other than for overriding reasons beyond its control, does not execute an investment, which, according to the ten-year development plan, was supposed to be executed in the following three years.

TIGF's most recent ten-year plan, published on 14 November 2014 and covering the period from 2014 to 2024, provides for major investments for its transmission business, including (i) the development of the Gascogne-Midi project (EUR 152 million) expected to be commissioned in November 2018, which will extend, with the Adour Artery project expected to be commissioned on 1st December 2015, TIGF's network in the southwest of France and encourage exchanges with Spain and will result in the implementation of a single French Gas Exchange Point in 2018 through the Lussagnet-Barran pipeline and the reinforcement of the compression station in Barbaire; (ii) the development of green energies by connecting around two biomethane production sites per year into TIGF's regional network (EUR 1.5 million); and (iii) the potential establishment of a new connection between France and Spain, called MIDCAT, with Enagas and GRTgaz for 2021. This project features in the list of projects being of European Community interest.

The CRE noted in a deliberation dated 17 December 2014 that the most recent ten-year development plan of TIGF is consistent with the most recent ten-year plan published by ENTSOG. Pursuant to Article L. 431-6-II of the French *Code de l'énergie*, French network operators must also prepare and submit for approval to the CRE an annual investment programme, which sets out the investments to be made over the coming year in furtherance of the ten-year plan. TIGF's most recent annual investment programme, for 2015, was approved by the above mentioned deliberation of the CRE dated 17 December 2014. TIGF's approved investment programme for 2015 has a total budget of EUR 133 million, of which EUR 68 million was budgeted for the development of TIGF's main network – primarily for work on the Adour Artery expected to be commissioned on 1st December 2015 (EUR 48 million), the launch of the Gascogne-Midi project supposed to be commissioned on 1st November 2018 (EUR 9 million), additional compression capacity at the Sauveterre station scheduled to be boosted in 2017 (EUR 7 million) and the end of work of the Béarn Artery already commissioned on 1st April 2013 (EUR 5 million). The budget for security and network renewal amounted to EUR 42 million. Other budgeted items include regional network investments, information systems and building expenses.

Consultations and decisions on investment plans can be made through, among other things, an “open season” process. The main projects that feature in TIGF's current ten-year plan result from open seasons involving cooperation between Spanish and French regulators and neighbouring transport system operators. Open seasons are a transparent market test that allow a project sponsor to gauge how much infrastructure the market wants. Open season procedures generally consist of a two-step process starting with an open assessment of market demand and a subsequent phase of capacity allocation. The open season for capacities in 2013, for example, resulted in the decision to develop the Larrau interconnection point and the Béarn pipeline project. The open

season for capacities in 2015 resulted in the decision to develop interconnection capacity at Biriadou and the related Adour Artery (formerly Euskadour) pipeline project.

(j) Maintenance and safety

General

As a result of GSO's long history of management and extension of its physical transmission network, TIGF benefits from highly-developed skills in engineering, infrastructure management, intervention, safety and maintenance. TIGF has also implemented a Culture Based Safety (CBS) initiative in order to reduce the risk of workplace accidents.

Pipeline safety procedures

The mandatory technical rules relating to pipelines safety, previously defined by the multfluid order dated 4 August 2006, as modified by the order of 20 December 2010 (known as the "Multifluid Order"), have been adjusted and harmonised by the new multfluid order dated 5 March 2014. TIGF commenced Multifluid Order implementation measures in 2010, consisting of increased land and air surveillance of the network, improved pipeline inspection methods, and organising preventive maintenance of compressor stations and other ancillary network infrastructure.

TIGF has also stepped up efforts to improve safety in areas immediately surrounding its pipelines, in particular by engaging in public awareness campaigns and monitoring and reporting unregistered works and other unauthorised activities in proximity to pipelines.

Emergency responsiveness

The Russian-Ukrainian gas crisis that began on 5 January 2009, during a period of extreme cold weather, made such exceptional demands on TIGF's natural gas transportation and storage capacities that a new gas extraction record was set on 8 January. However, TIGF was able to demonstrate its ability to comply with its commitments by responding promptly and appropriately to consumer needs. Further, in the wake of the Russian-Ukrainian gas crisis, the Klaus storm, which hit the South-West on 24 and 25 January 2009, tested TIGF's responsiveness and ability to maintain good relations with local towns in a difficult context.

In both cases, network operation and maintenance work continued, despite a very high level of transport and storage activity, and despite the large number of works and commissioning operations taking place at the facilities.

Insurance

TIGF has third party liability and property damage insurance coverage, except with respect to underground pipelines, which are not covered by property damage insurance. The policies are contracted with first rank insurers. The amounts insured depend on the risks defined in risk evaluations regularly performed. Other insurance contracts are in place in addition to property damage and third party liability coverage, mainly for car fleet, transportation and construction works when necessary.

1.3 Gas storage

(a) General

TIGF operates two underground natural gas storage sites in South West France, one at Izaute and the other at Lussagnet. TIGF's storage sites can store up to 6.5bcm of natural gas, which TIGF estimates, based on publicly available information, represents 24% of France's underground natural gas storage capacity. TIGF is the only operator of storage facilities in its network zone.

Natural gas storage helps compensate for seasonal and other fluctuations in demand and thereby helps avoid overinvestment in natural gas transmission infrastructure. Energy consumption patterns are closely correlated with climatic variations, and change considerably from one period of the year to another.

Consumption during a winter month can be as much as five times higher than during a summer month. A daily peak in demand can be as much as four times higher than the yearly average and as much as twelve times higher than the low point.

To mitigate the effects of fluctuations in demand, natural gas is injected into storage during the summer, and then drawn off over the winter period to supply consumers. Storage therefore enables to guarantee continuity of supply by fully topping up the amount of gas needed to cover user needs at any given moment.

Natural gas storage also enables suppliers of natural gas to comply with their regulatory obligation to secure distribution to end users. Furthermore, it ensures a source of supply for natural gas combined cycle plants, and facilitates arbitrage.

Underground storage facilities are subject to mining law and can only be operated under a concession that determines the scope and the geological formations to which it applies. The holders of underground gas storage concession must operate them in a manner compatible with the safe and effective functioning of the interconnected natural gas networks.

TIGF operates its storage sites on the basis of two concession titles:

- Lussagnet: duration of the concession title extended by decree dated 25 March 2003 up to the 1st of January 2018. A demand has been filed on 1 April 2015 to extend the duration of the concession title for 25 years.
- Izaute: duration of the concession title extended by decree dated 12 December 2006 up to 26 October 2030.

TIGF offers two types of access to its storage infrastructure: the balanced service and the dynamic service (including the dynamic offer and the super dynamic offer). The dynamic service offers greater withdrawal and injection capacity, and carries a higher tariff. The balanced service is designed to cover the needs of arbitrage, whereas the dynamic service is designed to enable shippers to comply with their storage obligations, as they need the higher withdrawal rate offered by the dynamic service in order to match peak season demand. The technical characteristics of the balanced and dynamic service offers are described in greater detail below.

(b) Geological background

The Lussagnet storage site was commissioned at the same time as the Lacq field in 1957. It was originally intended to regulate the natural gas production activities of the Lacq plant. Its capacity has increased fourfold since it was created. The Izaute storage facility was commissioned in 1982 in response to an increase in the demand for natural gas in France and Europe.

The geological origins of the Lussagnet and Izaute sites date back forty million years. Erosion of the Massif Central resulted in deposits of different geological layers that make up the substratum of the sites. The sands of each site enclose an aquifer extending under the whole of South West France, from the Pyrenees to the north of the Bordeaux region and the foothills of the Massif Central. The emergence of the Pyrenees then created folds. The storage sites use the sandy layer of two of these folds. The layer is formed from molasse, plastic clay and calcium beds that are over 500 metres thick, and is completely airtight. The Lussagnet and Izaute storage facilities are located at a depth of between 500 and 900 metres.

(c) Operation of TIGF's storage facilities

Gas is transported to TIGF's storage facilities from production sites, from where it is routed by pipeline, and from several LNG producing facilities in different worldwide locations, via the methane terminals at Fos and the Midi Artery. During the summer the gas is compressed and then injected through wells into the underground reservoir. It then displaces the water contained in the sand in the storage facility. To meet the increase in demand in winter, the gas is withdrawn via the same wells. The water displaced on injection then naturally takes its place

in the sand. Once on the surface and compressed, the gas undergoes various processes to meet the specifications of the distribution circuits: dehydration, desulphurisation where applicable, decompression then odorisation.

Before being distributed to the network, the gas is continuously analysed. Numerous parameters are assessed every ten minutes to ensure the continuous quality of the product delivered to the end user. The Izaute storage facility is linked to Lussagnet by a pipeline that is 600 mm in diameter and 10 km long. The surface facilities of both storage units are managed and controlled from a central control room at the Lussagnet site.

(d) Public service obligation

Pursuant to Article L. 121-32 of the French *Code de l'énergie* and Articles 17 and 18 of the March 2004 Decree, TIGF has public service obligations, which consist, in particular, of (i) an obligation to inform operators of gas transmission networks on a daily basis of its available storage capacity so as to permit network operators to enter into contracts if necessary in order to achieve instantaneous balancing in their networks and (ii) an obligation to give at least two months' notice to shippers and network operators with which they are connected of any works or maintenance operations on their facilities which could limit or interrupt injections and withdrawals of gas.

Article L. 121-33 of the French *Code de l'énergie* provides that in the event of a breach by the operator of its public service obligations, the competent administrative authority gives the defaulting operator a notice to remedy such non-compliance. Failure to comply with this formal notice may give rise to financial penalties.

(e) Third party access to storage

Articles L. 451-2 and L. 421-5 to 421-14 of the French *Code de l'énergie* set out the principle of third party access to gas storage ("*accès des tiers au stockage*" or *ATS*), by providing, in particular, that gas stocks are intended to ensure, in priority, the normal operation and balancing of networks connected to underground storage facilities, the direct or indirect satisfaction of clients' needs and compliance with the public service obligations referred to in Article L. 121-32 of the French *Code de l'énergie*. In accordance with these principles, the above mentioned provisions of the French *Code de l'énergie* set out the principle of third party access to gas storage ("*accès des tiers au stockage*" or *ATS*). Furthermore, the conditions of access to storage capacity, and in particular the price, are to be negotiated in a transparent and non-discriminatory fashion.

The guaranteed access rights and related obligations of shippers are further detailed in French governmental Decree no. 2006-1034 dated 21 August 2006 (as amended by decree no. 2014-328 dated 12 March 2014) (the *August 2006 Decree*).

The August 2006 Decree provides that gas stocks are intended to ensure, in priority, the normal operation and balancing of networks connected to underground storage facilities. Remaining stocks are to be allocated to shippers for the purposes, among other things, of satisfying their clients' needs in a regulated order or priority, and ensuring compliance with their public service obligations.

The August 2006 Decree also provides that each shipper must determine the consumption profile of each of its end consumers connected to their networks and communicate to each gas supplier the profiles of its clients. Unitary storage rights associated to each consumption profile are to be determined in accordance with a methodology set out in a ministerial order. Each shipper's unitary storage rights are equal to the sum of the unitary storage rights of its end-consumers. Each shipper may apply to a storage facility operator, such as TIGF, for storage capacity which may be less than, equal to or greater than its unitary storage rights, but allocations of capacity must be made so as to ensure that each shipper is able to meet its end-consumers' needs.

Shippers must make an annual declaration to the Minister of Energy each year to the effect that their stored gas will be sufficient to enable them to meet their public service obligations. On 1 November of each year, each shipper must hold gas in storage in an amount at least 80% of the storage rights of their end customers.

All storage contracts and protocols must be submitted both to the CRE and to the French climate and energy authority (the *DGEC*). Furthermore, TIGF's rules in relation to the allocation of storage capacity are required to be submitted to the DGEC.

Pursuant to Article L. 134-19 *et seq.* of the French *Code de l'énergie*, the CRE has the power to intervene in any dispute in relation to allocation of storage capacity.

Decree no. 2004-251 of 19 March 2004 provides that storage facility operators must also inform gas transmission networks of their available storage capacity and the levels of their stocks on a daily basis.

On 4 March 2015, the DGEC launched a consultation on the development of a regulatory framework for third party access to storage in France, with a view to ensuring sufficient utilisation of storage capacity, adequate operation of gas transmission networks and a high level of security of gas supply. In its consultation, the DGEC proposed two possible regulatory frameworks: (i) a more clearly defined gas storage obligation, combined with a regulated tariff regime in relation to storage capacity in order to enable the storage obligation to be fulfilled or (ii) a market-based auction system in relation to the marketing of gas storage capacity, combined with a mechanism to regulate the remuneration of operators of gas storage facilities. The consultation period closed on 17 April 2015. It is not clear as of the date of this Prospectus whether one of the proposed regulatory frameworks in relation to gas storage, or a different regulatory framework, will be implemented, and if so, within what timeframe, or what impact any such regulatory framework might have on the business and financial condition of TIGF. (Please refer to the risk related to the Issuer and its business)

(f) Gas storage tariffs

Unlike gas transmission tariffs which are regulated, gas storage tariffs are, overall, determined on a contractual basis. Under a storage access contract, clients subscribe for a number of storage units.

TIGF sells storage units (called "bundle units") combining volume, injection capacity and withdrawals from gas storage facilities under two different service offers: the balanced service ("*offre équilibrée*") and the dynamic service ("*offre dynamique* and *offre super dynamique*").

A bundle unit is defined by a storage unit capacity (*SUC*) expressed in kWh, a unit of daily nominal withdrawal capacity (*UDNDC*) expressed in kWh/day and a unit of daily nominal injection capacity (*UDNIC*) expressed in kWh/day.

The annual amount invoiced to clients under the standard offer is equal to the sum of the following components:

- an annual fixed term (*TFA*) which is independent of the number of subscribed storage units;
- an annual subscription term (*TSA*), which is proportional to the number (n) of subscribed storage units. It is equal to the product of the storage unit price (*PUS*) and the number (n);
- a drawn-off quantity term (*TQS*), equal to the product of drawn-off quantities (*Qs*) and the draw-off proportional price (*Ps*);
- an injected quantity term (*TQI*), equal to the product of the injected quantities (*Qi*) and the injection proportional price (*Pi*).

TIGF publishes a pricing grid applicable to standard offers. The last pricing grid covers standard offers between 1 April 2015 and 31 March 2016:

Balancing bundle (€/bundle)	38,10
Dynamic bundle (€/bundle)	65,28
Super dynamic bundle (€/bundle)	114,40

Draw-off (€/MWh)	0.27
Injection (€/MWh)	0.17
Access rights (€/yr)	5, 000
Daily balancing subscription (€/yr)	1, 000
Daily balancing service (€/MWh/d/yr)	4
Gas in stock transfer fee (€)	1, 000
Capacity transfer fee (€)	1, 000

Source: TIGF's website: <https://www.tigf.fr/nos-offres/stockage/prix-et-tarifs.html>

The technical characteristics of the balanced, dynamic and the super dynamic services as at the date of this Prospectus are set out in the table below:

	Balanced Service	Dynamic Service	Super Dynamic Service
Volume (SUC)	10,000 kWh	10,000 kWh	10,000 KWh
Withdrawal (UDNDC)	88 kWh/per day	192 kWh/per day	556 kWh/per day
Injection (UDNIC)	90 kWh/per day	100 kWh/per day	100 kWh/per day
Tariff 2015	38.10 €/per SUC and per year	65.28 €/per SUC and per year	114.40 €/per SUC and per year

The technical characteristics of the two sites are the following:

	Lussagnet	Izaute
Date of commissioning	1957	1981
Total authorised storage volume (GNm ³)	3.5	3.0
Total volume of storage in operation at 01/01/2014 (GNm ³)	2.7	3.0
Number of injection/draw-off wells	14	10
Number of inspection wells	14	15
Maximum draw-off rate	≈ 36 MNm ³ /d while half of the usable volume remains in storage	
Installed compression	≈ 30 MW	

The use of storage may also be invoiced on a variable basis, at a current cost of 0.17 euros per MWh for injection and 0.27 euros/MWh for withdrawal.

In 2014, subscription for bundle units (subscription revenue) represented 89% of turnover, injections and withdrawals from storage facilities (variable revenue) represented 5% of turnover and internal subscription by TIGF's natural gas transmission division represented 6% of turnover.

TIGF revises its tariffs every year taking into account previous tariffs, TIGF's profitability objectives and competitive positioning. TIGF's tariff revisions are not subject to prior regulatory approval.

In addition to its standard service offers, TIGF sells its surplus storage capacity through tender offers with a floor price at the tariff level.

(g) Clients

TIGF has 16 shipping clients for its storage business as of the date of this Prospectus.

11 TWh of storage capacity (approximately 37% of TIGF's total capacity) are used to cover regulatory storage obligations related to gas consumption in the TIGF geographic zone, as described under "Third party access to storage" above.

Shipping clients are not obliged to use TIGF's storage capacity to cover their regulatory obligations related to TIGF's geographic zone; however, the subscription of local storage capacity is generally the most economical solution for them, in part because of the additional transportation costs that would be incurred if they were to use storage facilities outside the TIGF zone.

Approximately a further 45% of TIGF's total storage capacity is reserved pursuant to a long-term contract. The remaining term to maturity of that contract is approximately 5 years. TIGF is currently considering its options for when the contract comes to maturity.

(h) Investments and development

A prefectural order dated 12 August 2009 authorised an annual increase of 100 Mm³ in the total volume permitted to be stored at Lussagnet over a ten year period. Additional development work at Lussagnet (including the doubling of the Izaute-Lussagnet pipeline) was completed and the new facilities were put into operation. TIGF intends to increase capacities in Lussagnet from 2.8 billion m³ to 3.5 billion m³ over the next ten years by increasing the quantities of gas that can be injected from 42 million m³ per day to 54 million m³ per day, through re-dimensioning of its equipment. Storage capital expenditures amounted to EUR 34 million in 2014 and EUR 59 million in 2013. Storage capital expenditures are expected to remain in the range of EUR 20 million to EUR 30 million per year in the short term.

In June 2014, three compressors (C10, C11 and C12) at the Lussagnet storage centre were permanently decommissioned. They were replaced by two new alternative compressors: C18 and C19. More efficient and emitting less green-house gases, their combined total power is rated at 7.5 MW. The technology of the C18 and C19 compressors improves the medium-term availability and flexibility of the equipment and reduces operating expenditures.

In order to meet customer demand, TIGF must adapt its infrastructures to market requirements as quickly as possible under considerable constraints such as continuity of extraction, since stored gas is required both in summer and in winter. For this reason, TIGF has decided to drill a new production well (LUG74) at the Lussagnet storage facility, which already has 15, as the flow response of this reservoir is superior to that at Izaute. The estimated increase in flow rate will be of the order of 2 MNm³/day, the other wells contributing to a further 1 MNm³/day.

1.4 Organisation

TIGF comprises six divisions spanning a wide range of technical and support disciplines:

- the operations division (*DOP*): assures the operation, maintenance and optimisation of the gas transport and storage network, coordinates the application of regulations, defines and deploys the work policy for

third parties, optimises the reliability and dependability of facilities to achieve a high level of industrial safety and ensures the construction of the structures required for the development, consolidation and modification of infrastructures;

- the commercial development division (**DDC**): manages the sales of gas transport and storage capacities on a daily basis, negotiates commercial and technical interface contracts with neighbouring operators, proposes new products and services to plan ahead for and respond to the needs of the customers and builds infrastructure development strategy;
- the health, safety, environment, quality sustainable development division (**HSEQ**): guarantees that regulatory obligations are respected regarding health and safety at the workstation, industrial safety, security, environment and sustainable development and contributes to optimizing quality and performance, it adapts regulations at an operational level, writes the technical standard and advises and guides the different TIGF entities with respect to these areas;
- the general secretariat (**SG**): its purpose is to ensure that the different governance bodies and instances run smoothly, it defines and implements the human resources policy in terms of personnel administration, career management and social relations, runs the general services activity, promotes the image of TIGF and steers internal and external communication actions;
- the finance, purchasing and legal division (**DFAJ**): guarantees the reliability and integrity of financial data and information, steers the budget, ensures the general funding requirements for the company in the short-medium and long term, supplies equipment, goods and services at optimal cost and adapted to the needs of the user entities and to HSEQ rules, guarantees the legal safety of all TIGF activities and provides expertise in land issues;
- the information systems division (**DSI**): provides TIGF with secure information systems tailored to the challenges of gas transport and storage activities, to the needs of user entities and to technological development, it intervenes on the required applications on the management and industrial IS, the networks and telecommunications.

1.5 Environmental and safety policies

(a) Sustainable development

TIGF has set itself the target of providing and developing natural gas transportation and storage services across Europe in a manner that adheres to principles of sustainable development. TIGF's sustainable development policy includes the following objectives:

- achieving levels of reliability and safety that match the highest standards of the profession;
- developing gas infrastructure so as to increase transport capacity;
- developing centres of expertise to provide its customers with know-how in the fields of safety, the environment and quality compliance;
- maintaining ISO 14001 certification across all of its storage sites and obtaining ISO 14001 certification for its network;
- maintaining ISO 50001 certification for its energy management system;
- maintaining ISO 9001 certification for its odorisation of delivered gas;
- maintaining level 7 status on the International Safety Rating System; and

- maintaining a safety management system in compliance with Directive 96/82/EC (as amended), known as “Seveso II”, for its underground storage facilities, which are “high-threshold” Seveso sites. Seveso II aims to control major-accident hazards involving dangerous substances.

(b) Commitment to water-related problems

TIGF is committed to improving the management of aqueous waste at its Lussagnet and Izaute storage sites. Part of this waste comes from the production water, which is treated internally through a biological process that channels it into an aeration tank and then a settling tank. Some of the waste comes from cooling tower purging operations. Physico-chemical analyses are performed every two weeks by an approved laboratory. A study on the optimisation of the water treatment plant is in progress. Its aim is to improve the functioning of the settling tank and the ultrafiltration unit already in place.

In 2009, TIGF implemented a programme for the study and reduction of hazardous waste substances in water, which involves the regular monitoring of substances identified in aqueous waste.

(c) Health and Safety

Storage facilities

TIGF’s underground storage facilities are classified as "Seveso II high threshold". Accordingly, TIGF has developed a safety management system (SMS) intended to prevent the occurrence of major disasters. Hazard studies that have been carried out in order to identify accident scenarios, based on which TIGF has set up an Internal Operation Plan (IOP) for each storage facility, and a Special Intervention Plan (SIP) for Lussagnet.

A network of surveillance wells serves to monitor the aquifer in which the storage sites sit. In addition to water quality checks carried out twice a year by approved laboratories, the Regional Directorate of Industry, Research and the Environment (DRIRE) in turn performs regular audits of TIGF’s two storage zones.

1.6 Additional regulatory background

The first European Directive (Directive 98/30/EC) concerning common rules for the internal market in natural gas (the *First Gas Directive*) came into force on 10 August 2000. The First Gas Directive established common rules regarding the storage, transmission, supply and distribution of natural gas. The aim of the First Gas Directive was to promote full, fair competition in the market, while maintaining a structural framework favourable to the funding of large international natural gas and liquified natural gas projects.

This First Gas Directive set out the following principles:

- *The legal separation of transmission - storage businesses from supply and distribution businesses.* The principle of separation brought an end to integrated business models that had combined transmission, storage and supply of natural gas within a single company. The First Gas Directive created a regulated economic environment in which natural gas transmission and storage businesses are required, among other things, to grant access to their networks and facilities to all gas suppliers on a transparent basis.
- *Third party access to networks (accès des tiers aux réseaux or ATR) and third party access to storage (accès des tiers aux stockages or ATS).* Access conditions, including pricing conditions, must be non-discriminatory and are subject to approval by the CRE. In particular, the CRE sets natural gas transmission tariffs, which define the duration and method of depreciation of infrastructure and the return on assets beyond their financial depreciation period;
- *The gradual opening up of the energy markets, with the possibility in the long term for end-users to choose their gas supplier.* This possibility was limited, in the First Gas Directive, to industrial customers with consumption of more than 25 Mm³ of gas per year, representing 20% of the French market.

- *Creation of an independent supervisory authority in France.* The CRE is responsible for monitoring and enforcing compliance by market participants with the laws and regulations applicable to the energy markets. The CRE also intervenes in any disputes that may arise between participants in the markets.
- *Strict confidentiality of data.* Operators of gas transmission networks and storage facilities are required to preserve the confidentiality of commercially sensitive information obtained in the context of their business with gas suppliers. Transmission network operators are not permitted to abuse commercially sensitive information in the context of providing or negotiating access to their systems.

Following transitional arrangements, the First Gas Directive was implemented in France through the enactment of French law n° 2003-8 dated 3 January 2003.

The First Gas Directive was replaced by European Directive 2003/55/EC (the *Second Gas Directive*) on 26 June 2003.

The Second Gas Directive was intended to accelerate the process of liberalisation of the gas markets with a view to achieving a fully operational internal market. In particular, it provided for the separation of accounts between the activities of transport, storage, distribution and the sale of gas from 1 January 2004. Legal separation of gas transmission, storage and distribution activities had to take place by 1 July 2004, although combined operators were permitted subject to complying with a number of conditions intended to ensure their independence. The Second Gas Directive also set out a timetable for the liberalisation of the markets, with eligibility for non-domestic customers from 1 July 2004, and the complete liberalisation of the markets (including eligibility for individuals) by 1 July 2007.

The third European directive (Directive 2009/73/EC) concerning common rules for the internal market in natural gas (the *Third Gas Directive*) was adopted on 25 June 2009 by the European Council and was published in the European Union's Official Journal on 14 August 2009. It was implemented into French law by ordinance n° 2011-504 dated 9 May 2011, which enacts the legislative section of the French *Code de l'énergie*, and took full effect in France on 3 March 2012.

As an independent gas transmission network operator certified as TSO on the basis of the OU model, TIGF falls within the scope of the provisions of the Third Gas Directive and is also subject to the provisions of Article L. 111-8 of the French *Code de l'énergie* governing unbundled TSOs.

As a result, TIGF cannot, *inter alia*:

- directly or indirectly exercise control⁷ over an undertaking performing any of the functions of production or supply, and directly or indirectly exercise control or exercise any right⁸ over a transmission system operator or over a transmission system;
- directly or indirectly exercise control over a transmission system operator or over a transmission system, and directly or indirectly exercise control or exercise any right over an undertaking performing any of the functions of production or supply.

2. Major Shareholders and Organisational Structure of the Issuer

2.1 Recent changes

⁷ The concept of “control” is taken from Council Regulation No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings and should be interpreted accordingly. Under Article 3(2) of such Regulation, “control” is constituted by rights, contracts or any other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking.

⁸ Pursuant to Article 9(2) of the Directive, “any right” refers to: (a) the power to exercise voting rights; (b) the power to appoint members of the supervisory board, the administrative board or bodies legally representing the undertaking; or (c) the holding of a majority share.

In July 2013, the shares of TIGF held by Total Gaz Electricité Holding France S.A.S. have been transferred to TIGF Investissements S.A.S., which was itself owned at 100% by TIGF Holding S.A.S..

The shareholders of TIGF Holding S.A.S. were as follows:

- SNAM S.p.A. (45%), an Italian infrastructure manager;
- Pacific Mezz (Luxembourg) S.à r.l. (35%), a Luxembourg law company wholly owned by Pacific Mezz Pte. Ltd., itself wholly owned by GIC (Ventures) Pte. Ltd., both of which are Singapore law companies; and
- Société C31 S.A.S. (20%), a company wholly-owned by EDF Invest.

On 26 February 2015, Predica, a company wholly owned by Crédit Agricole Assurances, entered into the share capital of TIGF with a 10% stake.

The acquisition of that 10% interest in TIGF Holding has been implemented in accordance with Article 11.6 of the TIGF Holding shareholders' agreement signed on 6 November 2013, as reviewed by the CRE in the last certification of TIGF SA dated 3 July 2014.

2.2 Current shareholding structure

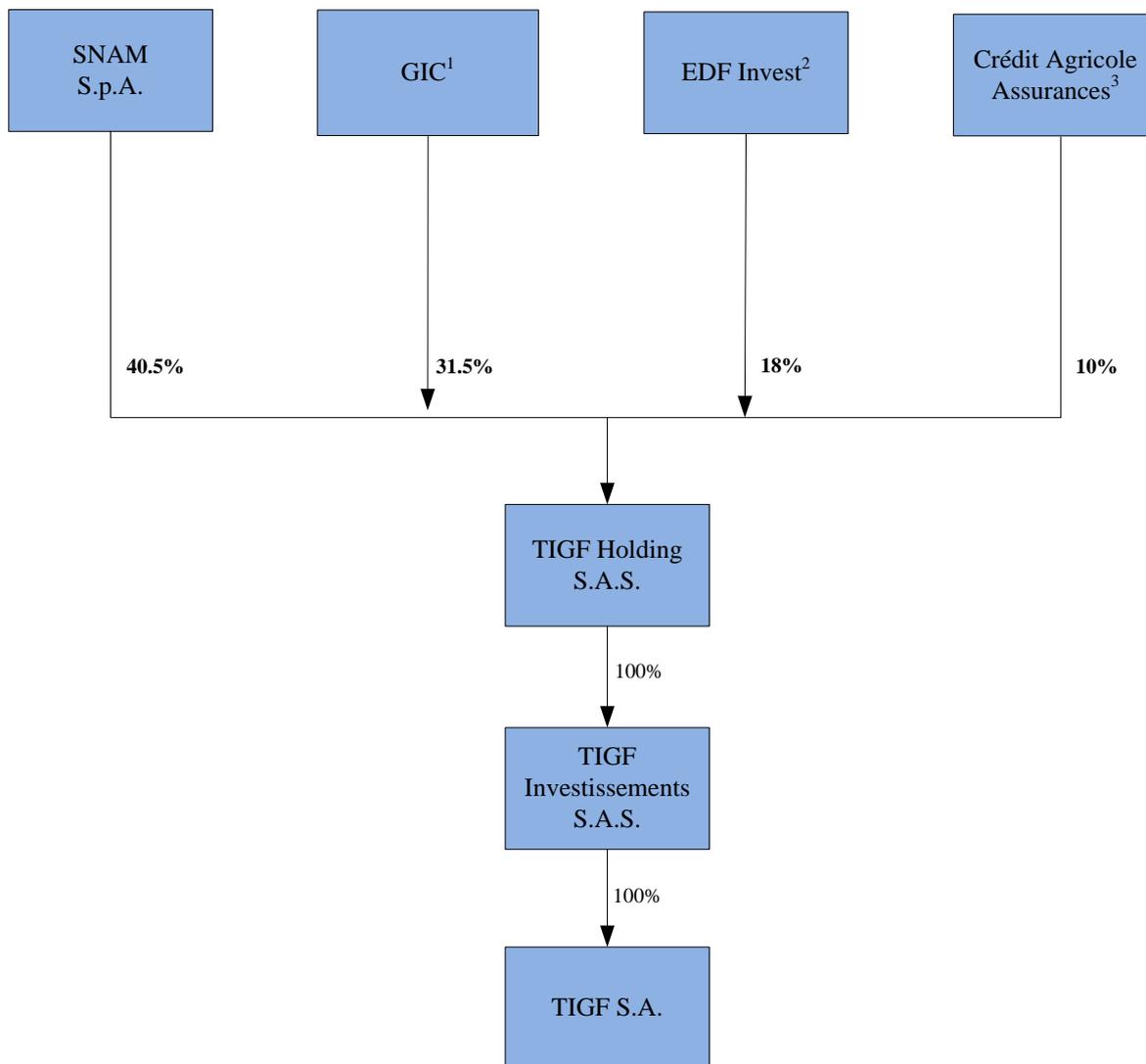
The share capital of TIGF currently amounts to EUR 17,579,088, divided into 2,197,386 shares having a nominal value of EUR 8 per share.

The current shareholding structure of TIGF is as follows:

- TIGF is owned at 99.99% by TIGF Investissements S.A.S, the remaining shares being held by board of directors' members.
- TIGF Investissements S.A.S. is itself owned at 100% by TIGF Holding S.A.S..
- The shareholders of TIGF Holding S.A.S. are as follows:
 - SNAM S.p.A (40.5%);
 - Pacific Mezz (Luxembourg) S.à r.l. (31.5%);
 - Société C31 S.A.S. (18%); and
 - Predica (10%).

TIGF Holding S.A.S., TIGF Investissements and TIGF S.A. form a group which consolidates its accounts in accordance with the provisions of the French *Code de commerce*.

2.3 Structure diagram of the shareholding of TIGF



1 Indirectly, through the holding of 100% of Pacific Mezz Pte. Ltd. which itself holds 100% of Pacific Mezz (Luxembourg) S.à r.l.

2 Indirectly, through the holding of 100% of Société C31 S.A.S.

3 Indirectly, through the holding of 100% Predica.

3. Administrative, Management and Supervisory Bodies

TIGF is managed by a Board of Directors (*Conseil d'administration*), whose term of office is fixed at three years by the by-laws (*statuts*).

The Board of Directors must elect a Chairman who takes the title of Chairman of the Board of Directors. The Board has decided to separate the duties of Chairman and Managing Director (*Directeur Général*). As a result, the Board appoints the Managing Director. The Managing Director is vested with the widest powers to act under all circumstances in the name of the company. He/she must exercise his/her powers within the limits of the company's corporate objects and subject to the powers expressly conferred by law on shareholders in general meetings and on the Board of Directors.

The following table sets forth the names of the members of TIGF's Board of Directors, their current functions within TIGF and their principal business activities outside TIGF as at the date of this Prospectus:

Name	Position	Principal business activities outside TIGF
François-Raymond Dumas	Chairman	None
Monique Delamare	Managing Director	None
Luca Schieppati	Director	CEO Italgas S.p.A.
Sergio Busato	Director	International Business Management at Snam S.p.A.

There are no potential conflicts of interest between any duties owed by the members of the Board of Directors to the Issuer and their private interests and/or other duties.

Two representatives from the works council (*comité d'entreprise*) attend Board of Directors meetings.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN TIGF STATUTORY ACCOUNTS AND IFRS

The non-consolidated annual financial statements of TIGF (“Annual Brochure Financial Statements”) have been prepared and presented in accordance with the accounting principles described in the notes to the financial statements which comply with generally accepted accounting principles in France (“French GAAP”) applicable to the statutory financial statements.

Significant differences exist between French GAAP and generally accepted international accounting standards (“IFRS”) as adopted by the European Union that may be material to the financial information presented in the Prospectus.

Investors must rely on their own examination of TIGF and its financial information in making an investment decision. They should consult their own professional advisers for an understanding of the differences between French GAAP and IFRS, and how those differences might affect the financial information set forth in the Prospectus.

The following represents a narrative summary of certain differences between French GAAP, and IFRS applied to the TIGF Annual Brochure Financial Statements, following a limited analysis of both sets of principles. TIGF has not reconciled the Annual Brochure Financial Statements to IFRS nor does it undertake to identify all differences. Accordingly, there can be no assurance that these are the only differences in accounting principles that would impact amounts recorded in the Annual Brochure Financial Statements. The differences disclosed below relate to the significant differences that may impact amounts recorded in the Annual Brochure Financial Statements rather than differences in presentation or disclosure.

It should be noted that KPMG have not performed any audit, review or other procedures in respect of the differences described below.

First time adoption of IFRS

IFRS 1 - First time adoption of IFRS – contains all transitional requirements applicable on the first application of IFRS.

An entity adopting IFRS for the first time may elect to use a number of exemptions which are available from the general requirement for application of IFRS accounting policies in preparing its first IFRS financial statements and first IFRS opening balance sheet.

Leases

Under French GAAP, assets held under finance lease contracts are not capitalized and are accounted for as purchases of goods or services.

Under IFRS, lessees shall recognize finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Retirement obligation benefit

Under French GAAP, retirement and pensions obligations related to the employees can be disclosed as off balance sheet commitments for the portion which is not covered by insurance contracts. TIGF retirement obligations were entirely covered by insurance contracts at 31 December 2010.

Under IFRS, the cost of an employee's pension is recognized over that employee's service period. A liability is recognized if net period pension costs charges to income exceed amounts the employer has contributed to the pension plan and an asset if net period pension costs charged to income are less than amounts the employer has contributed to the pension plan.

Accounting for financial instruments, derivatives and hedging activities

Financial loans and liabilities

Under French GAAP, liabilities and loans are initially recorded at face value. Directly attributable transaction costs premiums and discounts are recognized separately and amortized linearly to the income statement. Interest expense is recognized based on the contractual interest rate.

Under IFRS, liabilities and loans are initially measured at fair value less directly attributable transaction costs. The effective tax rate method should be used to recognize interest expense or income.

Derivative financial instruments

Under French GAAP, derivative financial instruments used for hedging purposes are not recorded but disclosed in the notes as off balance sheet items.

Under IFRS derivative financial instruments are recognized on a company's balance sheet at their fair values. Movements between fair values between financial reporting periods are recognized in the income statement. For hedging relationships that qualify for hedge accounting, portion of the movements shall be recognized in other comprehensive income.

Deferred taxation

Under French GAAP, no deferred tax is generally recognized.

Under IFRS, deferred tax liability shall be generally recognized for all taxable temporary differences and deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are not recognized for a limited number of exceptions.

One taxable temporary difference which would result in a deferred tax liability for TIGF would be related to the fact that depreciation used in determining taxable income is accelerated from that used in determining accounting profit. The temporary difference would be the difference between the carrying amount of the asset and its tax base.

CRCP - Rate regulated activities

TIGF's transportation activity is a rate regulated activity.

Rate regulation is a restriction in the setting of prices that can be charged to customers for services or products. Generally, it is imposed by regulatory bodies or governments when an entity has a monopoly or a dominant market position that gives it excessive market power.

The CRCP is a non-accounting fiduciary account which is funded at regular intervals by all or some of the cost or revenue differences recognized on pre-defined terms. The balance of this account is discharged by a decrease or increase in the revenue to be recovered through tariffs periods.

Under French GAAP, no asset or liability arising from the effects of price regulation is recognized in the financial statements.

Under IFRS, discussion are in progress to determine whether IFRSs should be amended to require certain regulated entities to recognize assets or liabilities arising from the effects of price regulation and/ or to require specific disclosures that help financial statement users to understand the regulatory environment in which the entity operates. At present time, no IFRS standard has been issued yet.

**FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2014 AND
2013**

(see overleaf)

ANNUAL REPORT
OF THE STATUTORY ACCOUNTS
TIGF SA
2014 FINANCIAL YEAR

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1 TIGF - ASSETS

In Euros

ASSETS	Gross	Amortisation Provisions	At the end of 12/14	At the end of 12/13
FIXED ASSETS				
INTANGIBLE ASSETS * 1	75,047,235	38,138,431	36,908,804	37,307,124
Concessions, patents, similar rights	70,858,519	37,469,942	33,388,577	34,713,885
Other Intangible Assets	668,489	668,489		
Intangible Assets in progress	3,520,227		3,520,227	2,593,239
TANGIBLE ASSETS * 2	2,425,722,783	862,273,361	1,563,449,422	1,525,284,144
Land	21,112,195	7,244,379	13,867,816	11,783,618
Constructions	85,747,558	24,475,181	61,272,377	36,832,055
Technical Equipment	2,194,305,136	826,596,343	1,367,708,793	1,328,939,677
Other Tangible Assets	6,890,988	3,957,458	2,933,530	3,643,341
Assets in progress	117,423,552		117,423,552	143,807,281
Advances and Deposits	243,354		243,354	278,172
FINANCIAL ASSETS (1) * 3	1,228,616		1,228,616	1,166,028
Equity Securities	1,151,433		1,151,433	1,085,233
Loans				
Other Financial Assets	77,183		77,183	80,795
FIXED ASSETS	2,501,998,634	900,411,792	1,601,586,842	1,563,757,296
CURRENT ASSETS				
INVENTORIES * 5	27,188,769	840,199	26,348,570	28,318,061
Raw Materials, Consumables	27,188,769	840,199	26,348,570	27,044,311
Work-in-progress				1,273,750
ADVANCES AND DEPOSITS				28,985
RECEIVABLES (2) * 6	44,781,515		44,781,515	49,241,727
Trade and other Receivables	43,217,724		43,217,724	42,830,619
Other receivables	1,563,791		1,563,791	6,411,108
MISCELLANEOUS	8,799,678		8,799,678	2,654,570
Marketable Securities				
Cash Flow	8,799,678		8,799,678	2,654,570
CURRENT ASSETS	80,769,962	840,199	79,929,763	80,243,343
ACCOUNTS ADJUSTMENTS				
Prepaid expenses (2)*7	68,975		68,975	86,565
Deferred expenses				
Foreign exchange assets				
TOTAL ASSETS	2,582,837,571	901,251,991	1,681,585,580	1,644,087,204

(1) including those for less than one year

(2) including those for more than one year

In Euros

	At the end of 12/14	At the end of 12/13
LIABILITIES		
SHAREHOLDERS' EQUITY		
Registered or individual capital	17,579,088	17,579,088
Issue, merger or contribution premiums	45,53,644	45,53,644
Revaluation surplus	150,045	150,045
Legal reserve	1,757,909	1,757,909
Statutory or contractual reserves	130,918	130,918
Other reserves	129,555	129,555
Retained income	474,023,670	471,597,903
Yearly Result	72,688,715	61,447,556
Investment subsidies * 9	37,416,490	38,275,115
Regulatory provisions	146,549,580	124,889,369
SHAREHOLDERS' EQUITY * 8	795,964,614	761,496,102
PROVISIONS		
Provisions for risks	230,203	2,050,000
Provisions for charges	4,626,066	5,792,937
PROVISIONS FOR RISKS AND CHARGES * 10	4,856,269	7,842,937
DEBTS		
Convertible bonds		
Other bonds * 11	510,847,500	510,847,500
Borrowings and debts with lending institutions * 11	311,563,114	281,455,398
Miscellaneous financial borrowings and debts	2,359,673	1,168,655
Advances and deposits received on ongoing orders		1,075,837
Trade accounts payable	29,657,914	58,413,709
Tax and employee debt	25,934,661	20,081,433
Fixed asset liabilities		
Other liabilities (2)	3,552	10,033
ADJUSTMENT ACCOUNTS		
Deferred income	398,283	1,695,600
Foreign exchange liabilities		
LIABILITIES * 11(1)	880,764,697	874,748,165
TOTAL LIABILITIES	1,681,585,580	1,644,087,204
(1) including those for less than one year	70,764,697	
(1) including those for more than one year	810,000,000	
(2)		including cash flow

In Euros

INCOME STATEMENT	France	Export	At the end of 12/14	At the end of 12/13
Sales of goods				
Production sold - goods	2,893,024		2,893,024	4,140,714
Production sold - services	415,726,418		415,726,418	385,392,425
TURNOVER	418,619,442		418,619,442	389,533,139
Inventory			(1,273,750)	492,729
Capitalised production			130,258,744	163,609,479
Operating subsidies			800	4,600
Reversals of depreciation and provisions, transfer of charges			4,849,116	845,715
Other income			89	66,956
TOTAL OPERATING INCOME * 12			552,454,441	554,552,618
Purchase of goods (including customs duties)			16,140,356	18,964,238
Purchase of raw materials and other consumables (incl. customs duties)			796,662	217,016
Inventory change (raw materials and consumables)			175,631,924	228,239,823
Other purchases and external charges			18,329,902	13,763,950
Taxes, duties and other levies			36,404,729	35,114,070
Wages and salaries			21,503,774	20,683,391
Social security contributions				
Operating allowances for amortisation of fixed assets			91,577,600	81,405,496
Operating allowances for provisions on current assets			840,199	140,974
Operating allowances for provisions for liabilities and charges			618,203	1,689,358
Other operating expenses			4,682,047	4,127,164
TOTAL OPERATING EXPENSES * 13			366,525,396	404,345,480
1 - OPERATING EXPENSES			185,929,045	150,207,138
Financial income from investments				
Income from other investment securities and receivables on fixed assets				
Other interest and similar income			91,083	11,007
Exchange gains			4,979	22,260
Net earnings on marketable securities				
TOTAL FINANCIAL INCOME			96,062	33,267
Interest and similar expenses			32,210,771	30,633,388
Exchange losses			30,314	14,993
TOTAL FINANCIAL EXPENSES			32,241,085	30,648,381
2 - FINANCIAL INCOME * 14			-32,145,023	-30,615,114
3 - PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS			153,784,022	119,592,024
Exceptional income - management operations			95,945	826,035
Exceptional income - capital operations			1,365,140	1,247,451
Reversals of provisions, transfer of charges			5,762,082	4,010,812
TOTAL EXCEPTIONAL INCOME * 15			7,223,167	6,084,298
Exceptional expenses - management operations			150	2,274
Exceptional expenses - capital operations			7,063,506	
Exceptional allocations to depreciation, amortisation and provisions			27,422,484	24,781,177
TOTAL EXCEPTIONAL EXPENSES * 16			34,486,140	24,783,451
4 - EXCEPTIONAL INCOME			-27,262,973	-18,699,153
Employee profit-sharing			2,800,000	2,201,000
Income tax* 17			51,032,334	37,244,315
TOTAL INCOME			559,773,670	560,670,183
TOTAL EXPENSES			487,084,955	499,222,627
5 - PROFIT OR LOSS			72,688,715	61,447,556
OPERATING INCOME			185,929,045	150,207,138
JOINT TRANSACTIONS				
FINANCIAL INCOME			-32,145,023	-30,615,114
EXCEPTIONAL INCOME			-27,262,973	-18,699,153
EMPLOYEE PROFIT-SHARING AND BONUSES			-53,832,334	-39,445,315
PROFIT OR LOSS			72,688,715	61,447,556

3 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The notes and tables below form an integral part of the annual financial statements, which were approved by the Board of Directors on 22 April 2015

3.1 SIGNIFICANT EVENTS

The total balance sheet for the financial year ending 31/12/2014 before distribution amounts to €1,681,585,580.

The profit and loss account shows a profit of €72,688,715.

Following the change in ownership (exit from the Total Group on 31/07/2013) and after the decision made during the meeting of the Board of Directors of 22 October 2014, the PECORADE project was definitively halted, resulting in the recording of exceptional charges of €7 M, due to the costs incurred.

TIGF SA entered the tax scope of the TIGF group on 1 January 2014.

3.2 EVENTS AFTER THE BALANCE SHEET DATE

On 26 February 2015, Snam, GIC and EDF Invest finalised the indirect entry of Crédit Agricole Assurances into the TIGF SA share capital, with a 10% stake. Following this transaction, Snam, GIC and EDF Invest and Crédit Agricole Assurances now indirectly own 40.5%, 31.5%, 18.0% and 10.0% respectively of TIGF S.A.'s share capital.

3.3 ACCOUNTING PRINCIPLES

The fiscal period lasts for 12 months from 1 January to 31 December.

The general accounting rules and professional modifications (Comm. Code R. 123-180 and French General Accounting Plan art. 531.1) were applied in line with the principle of prudence and in accordance with the basic assumptions:

- business continuity,
- consistency of accounting methods from one year to the next,
- independence of financial years.

The basic method used to assess the information recorded in the accounts is the method of historical cost. Several reorganisations have, however, resulted in the valuation of certain assets at their fair value at the moment of the contribution, as indicated in point 2 below. The valuation and annual accounts presentation methods selected for this fiscal period were not modified in comparison with the previous year.

The tax expenses accrued as of 31/12/2014 are calculated by applying 38% of the tax result drawn up on 31/12/2014.

3.4 NOTES ON THE ASSETS

The change in depreciation periods implemented in 2008 created a discrepancy between fiscal and company years, and therefore resulted in the recording of excess depreciation, for a sum of €146,549,580 on 31/12/2014.

3.4.1 INTANGIBLE ASSETS

Software and patents either acquired or created by the company are entered in the intangible assets account. These items are depreciated over their probable period of use (maximum 5 years). This account also includes transit rights on third-party networks, depreciated over 10 years.

3.4.2 TANGIBLE ASSETS

3.4.2.1 NET VALUES

Tangible assets are entered at their acquisition or production cost with the exception of certain parcels of land acquired prior to 31/12/1976, which have been re-valued.

3.4.2.2 AMORTISATION

In accordance with the implementation of CRC 2002-10, assets are depreciated based on the life-span of the item. This approach by component results in the use of straight line depreciation for the following:

	Company period	Fiscal period
IT EQUIPMENT	5 YEARS	3 YEARS
EQUIPMENT AND TOOLS	10 YEARS	5 YEARS
TRANSPORT EQUIPMENT	10 YEARS	5 YEARS
OFFICE EQUIPMENT	10 YEARS	5 YEARS
TELECOMMUNICATIONS EQUIPMENT	10 YEARS	5 YEARS
LAND DEVELOPMENT	10 YEARS	10 YEARS
GENERAL FACILITIES DEVELOPMENT	10 YEARS	10 YEARS
OTHER GENERAL FACILITIES	10 YEARS	10 YEARS
FACILITES DEVELOPMENT ON LAND OWNED BY OTHERS	10 YEARS	10 YEARS
OFFICE FURNITURE	10 YEARS	10 YEARS
METERING POSTS	30 YEARS	15 YEARS
COMPRESSION STATIONS - CONNECTION BLOCK VALVES	30 YEARS	15 YEARS
BUILDINGS	25 YEARS	25 YEARS
BUILDINGS ON LAND OWNED BY OTHERS	25 YEARS	25 YEARS
UNDERGROUND PROBES	25 YEARS	25 YEARS
CUSHION GAS	25 YEARS	25 YEARS
MAIN PIPELINES	50 YEARS	25 YEARS
BRANCH LINES	50 YEARS	25 YEARS

3.4.2.3 ASSETS IN PROGRESS

Assets in progress are valued at their production cost, including equipment expenses, external expenses (sub-contracting) and a proportion of the staff expenses.

TIGF staff costs are paid per percentage of staff department on investment projects.

Any expenditure linked to an investment project is systematically recorded as an expense. At the end of each month, a fixed asset production entry balances the expense on the balance sheet (account 722000), with an entry for assets in progress.

The commissioning dates of fixed assets are the date upon which the DRIRE's compliance report is received for pipelines and storage.

3.4.2.4 AUDITS AND INTERNAL PROCEDURES

Authorisations to invest, possible budget overrun, OPEX / CAPEX breakdown, commissioning dates and depreciation methods are the subject of strict internal procedures.

(4.3.2.1) I - TABLE OF ASSETS AS OF 31/12/2014

Situation & movement	Net values at the start of the year	Increase	Reductions		Net values at the end of the year
			Sales	Other reductions	
Section					
Intangible assets	65,497,432	18,172,616	0	8,622,814	75,047,234
<i>Concessions, patents, similar rights</i>	62,235,704	8,622,814	0	0	70,858,518
<i>Other Intangible Assets</i>	668,489	0	0	0	668,489
<i>Intangible assets in progress</i>	2,593,239	9,549,802	0	8,622,814	3,520,227
Tangible assets	2,308,052,132	274,773,934	66,805	157,036,476	2,425,722,785
<i>Land</i>	18,318,414	2,794,543	762	0	21,112,195
<i>including re-valuation</i>	150,045	0	0	0	150,045
<i>Own land</i>	35,542,712	21,513,011	0	0	57,055,723
<i>Constructions</i>	19,818	0	0	0	19,818
<i>Land owned by others</i>	19,818	0	0	0	19,818
<i>General facilities</i>	22,921,473	6,443,233	0	692,689	28,672,017
<i>Technical Installations, Equipment, Tools</i>	2,079,077,917	115,898,824	66,043	605,561	2,194,305,137
<i>Other General facilities</i>	646,097	0	0	0	646,097
<i>Tangible Equipment, transport</i>	177	1,942	0	0	2,119
<i>Assets Office IT equipment + furniture</i>	7,440,071	441,117	0	1,638,415	6,242,773
<i>Tangible assets in progress</i>	143,807,281	127,716,082	0	154,099,811	117,423,552
<i>Advances and deposits</i>	278,172	-34,818	0	0	243,354
Financial assets	1,166,028	66,200		3,612	1,228,616
Total	2,374,715,592	293,012,750	66,805	165,662,902	2,501,998,635

(4.3.2.1) I - DEPRECIATION TABLE AS OF 31/12/2014

Situation & movement	Amortisation at the start of the year	Increase	Reductions		Amortisation at the end of the year
			Sales	Other reductions	
Section					
Intangible assets	28,190,308	9,948,123	0	0	38,138,431
<i>Concessions, patents, similar rights</i>	27,521,819	9,948,123	0	0	37,469,942
<i>Other Intangible Assets</i>	668,489	0	0	0	668,489
Tangible assets	782,767,987	82,488,099	46,253	2,936,475	862,273,358
<i>Land</i>	6,534,796	709,583	0	0	7,244,379
<i>Own land</i>	11,106,743	1,424,032	0	0	12,530,775
<i>Constructions</i>	19,818	0	0	0	19,818
<i>Land owned by others</i>	19,818	0	0	0	19,818
<i>General facilities</i>	10,525,387	2,091,889	0	692,689	11,924,587
<i>Technical Installations, Equipment, Tools</i>	750,138,240	77,109,913	46,253	605,558	826,596,342
<i>Other General facilities</i>	128,804	64,610	0	0	193,414
<i>Tangible Equipment, transport</i>	177	15	0	0	192
<i>Assets Office IT equipment + furniture</i>	4,314,022	1,088,057	0	1,638,228	3,763,851
<i>Tangible assets in progress</i>					0
<i>Advances and deposits</i>	0	0	0	0	0

Financial assets	0	0	0	0	0
Total	810,958,295	92,436,222	46,253	2,936,475	900,411,789

3.4.2.5 FINANCIAL ASSETS

Financial assets break down as follows:

- Equity securities €1,151,433
that is, 773,233 3GRT shares for €773 K
and 3,590 Déclaranet shares for €359 K
and 19,200 Prisma shares for €19 K
- Deposits and surety bonds €77,183

Maturity Dates

The breakdown of financial assets by maturity date is as follows:

In euros

TOTAL	No fixed maturity	Maturity less than 1 year	Maturity from 1 to 5 years	Maturity more than 5 years
1,151,433				1,151,433
77,183				77,183

3.4.3 TOTAL FIXED ASSETS

Amount of fixed asset production as of 31/12/2014:	€130,259 K
Amount from commissioning as of 31/12/2014:	€155,715 K
Amount of work-in-progress as of 31/12/2014:	€120,944 K
<i>Main commissioning as of the end of December 2014</i>	<i>€155,715 K</i>

New head office €22,789 K

Storage

C18 & C19 Compressors	€40,903 K
Lug 74 Well	€7,233 K
Revamping of the TEG boiler	€6,907 K
North Face Open Drains	€2,818 K
Revamping of the Air Network	€2,668 K
Revamping of the Nitrogen Network	€2,253 K

Large-Scale Transport Grid

Lussagnet arrival station	€19,629 K
Adour Artery - Coudures Pipeline	€5,000 K
Girland	€2,124 K

Regional Network

Lanne block valve station	€4,260 K
Reinforcement of the Bordeaux loop	€3,060 K
Arthez d'Armagnac block valve station	€2,249 K

Beaucens Diversion	€1,864 K
<u>Software</u>	€8,623 K
MAIN WORK-IN-PROGRESS AT THE END OF 2014	€120,944 K
Adour Artery	€62,267 K
Extension of the Lussagnet concession	€23,169 K
Improved Reliability and Modernisation at Lussagnet	€8,138 K
Arthez - Béarn connection	€2,651 K

SCRAPPING OF FIXED ASSETS FROM 01/01/2014 TO 31/12/2014

The sum total of fixed assets scrapped in 2014 amounted to €2,937 K.

MAIN FIXED ASSETS: STORAGE

The Izaute and Lussagnet cushion gas created in 2005 for the amount of €361,749 K are subject to straight-line depreciation over a period of 25 years.

(Valuation done at the time of creation of TIGF at €10.31/MWh)

The net book value of the "cushion gas" on 31/12/2014 was €222,973 K

3.4.4 **INVENTORY AND IN-PROGRESS**

3.4.4.1 **METHOD**

Gas inventories are valued using the average weighted cost method.

Inventories of consumable materials and supplies are valued using the average weighted cost.

The cost of entry into inventory of items includes actual accessory purchase costs (excluding transport).

The provision for materials and supplies inventory depreciation is created based on a detailed analysis of each item. The date of the item's last movement is compared to the end date. The difference is used to calculate a number of years to determine the provision percentage.

Number of years	Percentage
less than 5 years	0%
from 5 to 6 years	5%
from 6 to 7 years	10%
from 7 to 8 years	20%
from 8 to 9 years	40%
from 9 to 10 years	60%
from 9 to 10 years	80%
from 9 to 10 years	100%

Work-in-progress is valued at its production cost which includes expenditures for materials, external expenditure (subcontracting).

Physical inventories are conducted each year. The inventory of the main warehouse at Lussagnet is subject to cycle-counting.

Inventory on 31/12/2014 is recorded on the basis of the permanent inventory.

3.4.4.2 VALUES

In Euros

	GAZ BALANCING	GAS OWN NEEDS	MATERIALS		WORK IN PROGRESS	TOTAL
			GROSS	DEPRECIATION		
On 01/01/2014	174,946	12,054,055	15,756,430	941,120	1,273,750	28,318,061
Change	162,812	-170,672	-788,802	-100,921	-1,273,750	-1,969,491
On 31/12/2014	337,758	11,883,383	14,967,628	840,199	0	26,348,570

The inventory of Transport gas is split into two separate accounting inventories to enable tracking according to type. The two types of inventories are:

- Gas inventory for own needs,
- Gas inventory for network balancing.

3.4.5 RECEIVABLES

- Receivables represented by bills of exchange: none

Income to be received in relation to receivable items mainly concerning storage capacity and gas transport income allocated to December 2014, but that will only be invoiced in January 2015.

MATURITY OF RECEIVABLES AS OF 31/12/2014

In Euros

RECEIVABLES	GROSS AMOUNT ON 31/12/2014	DEGREE OF LIQUIDITY - ASSETS	
		MATURITY DATES	
		LESS THAN 1 YEAR	MORE THAN 1 YEAR
FIXED ASSET RECEIVABLES	77,183	0	77,183
ADVANCES AND DEPOSITS PAID / RECEIVED ON ORDERS	0	0	0
CURRENT ASSET RECEIVABLES	44,781,515	44,781,515	0
Doubtful trade receivables or those subject to legal proceedings	81,564	81,564	0
Other trade receivables	43,136,160	43,136,160	0
Staff and similar receivables	72,554	72,554	0
Social Security and related receivables	24,625	24,625	0
Income tax	70,829	70,829	0
Value-added tax	744,339	744,339	0
State and other Public Bodies	Other taxes, duties and levies Subsidies received	5,027 0	5,027 0
Group and other partners	0	0	0
Sundry debtors	646,417	646,417	0
DEFERRED EXPENSES	0	0	0
PREPAID EXPENSES	68,975	68,975	0
TOTAL	44,927,673	44,850,490	77,183
Loans granted during the year	0		
Loans recovered during the year	0		

3.4.6 PREPAID EXPENSES

Prepaid expenses related to operations amount to €68,975.

3.5 NOTES ON THE LIABILITIES

3.5.1 SHAREHOLDERS' EQUITY

The capital consists of 2,197,386 €8 shares.

The allocation of 2013 income of €61,447,556 breaks down as follows:

- Allocation to retained earnings account for €29,431,642,
- Payment of a dividend of €32,015,914 to TIGF Investissements following the General Meeting of 22/05/2014,

Deduction of a dividend of €27,005,874 from the retained earnings account, paid to TIGF Investissements following the General Meeting of 27/11/2014.

In Euros

	Situation as of 01/01/2014	Change	31/12/2014
Number of shares	2,197,386	0	2,197,386
Share cash value	8		8
Registered or individual capital	17,579,088	0	17,579,088
Issue, merger or contribution premiums	45,538,644	0	45,538,644
Revaluation surplus	150,045	0	150,045
Legal reserve	1,757,909	0	1,757,909
Statutory or contractual reserves	130,918	0	130,918
Other Reserves	129,555	0	129,555
Retained income	471,597,903	2,425,767	474,023,670
Income for the financial accounting period 2013	61,447,556	-61,447,556	0
Income for the financial accounting period 2014	0	72,688,715	72,688,715
Investment subsidies (**)	38,275,115	-858,625	37,416,490
Regulatory provisions (*)	124,889,369	21,660,211	146,549,580
Total	761,496,102	34,468,512	795,964,614

(*) Excess depreciation

(**) European subsidies

3.5.2 Provisions for risks and charges

Provisions for risks and charges consist of the following:

In Euros

Provisions for risks	Situation as of 01/01/2014	Movements		Situation as of 31/12/2014
		Increases	Decreases	
Provisions for risks	2,050,000	230,203	2,050,000	230,203
Total	2,050,000	230,203	2,050,000	230,203

The company can be subject to legal proceedings and tax or administrative audits in the course of its activities.

The company sets aside a provision every time a risk constitutes an obligation to a third party for which the probable liability can be estimated with sufficient accuracy.

In Euros

Provisions for charges	Situation as of 01/01/2014	Movements		Situation as of 31/12/2014
		Increases	Decreases	
Labour Disputes	1,000,000	280,000	1,000,000	280,000
Long-service award	611,000	108,000	25,000	694,000
MIP	253,632	0	549	253,083
Right to early retirement	3,722,558		323,575	3,398,983
IFC	205,747	0	205,747	0
Total	5,792,937	388,000	1,554,871	4,626,066

In 2012, the 3rd European Directive forced the company to transfer the rights earned by TOTAL SA and ELF EP former seconded employees regarding Health Insurance (MIP), pension (DCAA and IFC), Long-service award, as well as the transfer of the balance of individual accounts, for a sum of €6,328 K.

It was decided that as of 01/01/2013 these provisions would be written off as the TIGF employees leave, regardless of their original contract.

A valuation adjustment was made to company disputes on the date the accounts were drawn up.

3.5.3 DEBTS

MATURITY OF DEBTS AS OF 31/12/2014

In Euros

Debts	Balance	Due date			
		Indefinite	less than 1 year	from 1 to 5 years	More than 5 years
Advances and deposits received	0		0		
Financial debt					
Borrowing and debt with lending institutions (1)	310,000,000		0	310,000,000	0
Other secured borrowing (1)	500,000,000				500,000,000
Interest incurred on borrowing	10,847,500		10,847,500		0
Miscellaneous borrowing and financial debt (2)	1,563,114		1,563,114	0	0
Operating debt					
Trade accounts payable	29,657,914		29,657,914		
Tax and employee debt	6,238,525		6,238,525		
Charges payable related to personnel	10,670,439		10,670,439		
Charges payable related to social welfare bodies	2,286,124		2,286,124		
Charges payable related to the State and local authorities	6,739,573		6,739,573		
Other debt	3,552		3,552		
Charges payable	0		0		
Deferred income (3)	398,283		398,283	0	0
	878,405,024	0	68,405,024	310,000,000	500,000,000

(1) July 2011: implementation of external financing breaking down as follows:

A/ A bank loan taken out in July 2011: **€250 M** over 5 years, variable rate, hedged by a swap rate. TIGF decided to hedge the term loan (€250 M, maturity 5 years) in order to fix the interest rate. TIGF thus pays a fixed rate and receives the Euribor six-month interest rate on the instalment dates of the loan, i.e. on 30 March and 30 September of each year. Borrowing and swaps are perfectly matched: identical amount and duration, start and end dates, with the hedged element being amortisable in keeping with the same timetable as the swap. Fair value of swap on 31/12/2014 = €10.9 M.

B/ A bond loan taken out in July 2011:

€500 M over 10 years, rate of 4.339%.

C/ Line of credit:

€250 M

Variable rate indexed on the Euribor 3-month plus a margin.

€30 M drawn from this line of credit in 2013.

€10 M drawn in January 2014.

€20 M drawn in July 2014.

(2) Primarily for deposits and guarantees received from clients

Loans taken out during the period: -

(3) Including the spreading of capital gains from the network buy-back

€1,288,037 €

In agreement with the Tax Administration, the capital gain earned during the 2002 financial period from the network buy-back is spread over the depreciation period for the corresponding fixed assets. The gain was accounted for in deferred income. The net balance of the gain is as follows:

	GSO	TTGF	TIGF
Plus original gain	326,495,480	14,861,996	341,357,476
Total amount recorded in income over the			0
previous financial periods	326,495,480	13,573,959	340,069,439
Amount recorded in income during the			
fiscal period	<u>0</u>	<u>1,288,037</u>	<u>1,288,037</u>
Net balance	<u>0</u>	<u>0</u>	<u>0</u>

The gain was fully spread over at the end of the 2014 period.

3.6 ACCOUNTS WITH AFFILIATED COMPANIES

The table below shows the amounts for each balance sheet item and the income/expense accounts that concern the Companies affiliated with TIGF SA.

The amounts recorded for 2014 correspond to:

- Service agreement signed between TIGF Investissements and TIGF SA, whereby TIGF Investissements undertook to make its skills and know-how available to TIGF S.A., specifically in the following fields: General Management, Strategy, Finance, Human Resources, Legal, Corporate Governance, Compliance and Taxation.
- Re-invoicing, in connection with the constitution of the new group, of charges borne on behalf of TIGF Investissements.

Affiliated Companies	
BALANCE SHEET ITEMS - ASSETS	In Euros
Advances and deposits on intangible assets	0
Advances and deposits on tangible assets	0
Profit-sharing	0
Receivables related to profit-sharing	0
Other equity investments	0
Loans	0
Other financial assets	0
Advances and deposits on orders	0
Trade and other receivables	258,951
Affiliated under special agreements	0
Other receivables	0
Marketable securities	0
Cash flow	0
Prepaid expenses	0
Expenses deferred over several years	0
Total	258,951

BALANCE SHEET ITEMS - LIABILITIES	
Other bonds	0
Borrowing and debts with lending institutions	0
Miscellaneous financial borrowings and debts	0
Advances and deposits received on orders in progress	0
Trade accounts payable	0
Tax and employee debt	0
Fixed asset liabilities	0
Affiliated under special agreements	0
Other liabilities	0
Deferred income	0
Total	0

INCOME STATEMENT	
Operating expenses	3,331,200
Operating income	410,000
Financial expenses	0

3.7 Notes on the income statement

3.7.1 Operating income

- **TURNOVER** **€418,619,442**

This is composed of the following items:

- Transport Capacity Income	€226,139,326
- Storage Capacity Income	€146,396,380
- Inter-operator agreement	€33,216,426
- Connection and interfacing income	€6,063,046
- European subsidies	-
- Other business income	€3,911,241
- Sales of natural gas for balancing	€2,893,023

- **CAPITALISED PRODUCTION** **€130,258,744**

Cf. point II above – Notes on the assets Point 4: Total fixed assets.

- REVERSALS OF DEPRECIATION AND PROVISIONS, TRANSFER OF CHARGES €4,849,116

Reversals of Risk and Charges provisions	€3,050,000
Reversals of pension provisions	€554,871
Reversals for inventory depreciation	€941,120
Transfer of operating expenses	€303,125

They include:

- Reimbursements received from insurance companies for accidents,
- Reimbursements from social welfare (daily allowances) and training bodies,
- Work invoiced as part of service agreements with third parties.

3.7.2 OPERATING EXPENSES

Operating expenses include investment expenses offset by capitalised production.

These operating expenses are found primarily in the following items:

Inventory change	€1,053 K
Other external purchases and expenses	€111,868 K
Taxes, duties and other levies	€1,219 K
Wages and salaries	€7,906 K
Social security contributions	€4,717 K
Other operating expenses	€3,044 K

Allowances for depreciation take into account the value of amortisations of the company's fixed assets.

3.7.3 FINANCIAL INCOME

Financial income is primarily tied to external financing and breaks down as follows:

Interest on borrowing	€32,210,771
Other financial expenses	€30,314
Income from Marketable Securities	- €91,083
Other financial income	- €4,979

€32,145,023

3.7.4 EXCEPTIONAL INCOME

Comprised of exceptional income from capital operations, this is mainly:

- customer profit-sharing	€95,000
- tax abatement (in particular the 2009 tax adjustment)	€945
- the spreading of the gain on the transport network buy-back	€1,288,037
- income from the sale of assets	€76,234
- recovery of excess depreciation	€5,762,082

3.7.5 EXCEPTIONAL EXPENSES

The exceptional expenses primarily consist of:

- the allowance for excess depreciation	€27,422,293
- the book value of financial assets sold	€20,553
- the exceptional depreciation of scrapped fixed assets	€191
- the abandonment of the Pécorade project	€7,007,141
- miscellaneous	€35,962

3.7.6 INCOME TAX

TIGF SA entered the TIGF HOLDING tax group on 1 January 2014.

As of 31/12/2014, the tax integration expenses amounted to: €49,502,345

Breakdown:

• Provision for the year 2014	€44,091,561
• Company contribution	€1,429,843
• Exceptional contribution	€4,717,797
• Tax credits 2014	- €736,856

Tax €49,502,345

Breakdown of 2014 tax credits:

• Sponsorship tax credits:	€70,281
• Family tax credits:	€57,600
• Research tax credits:	€473,009
• Apprenticeship tax credits:	€533
• Competitiveness and Employment tax credit:	€135,433

The CICE 2013 [Tax Credit for Competitiveness and Employment], for a sum of €37,378 was used to fund training contracts.

3.8 OTHER INFORMATION

WORK FORCE BROKEN DOWN BY CATEGORY	31/12/2014	31/12/2013
- Executives		209
		192
- Operators, Office Workers, Technicians and Supervisors		353
		348
Total work force	562	540

* fixed-term and permanent staff

TAX CONSOLIDATION AND INTEGRATION

The company accounts are consolidated according to IFRS standards within the company TIGF Holding SAS, according to the company integration method.

During this period, which was TIGF SA's first year of tax integration in the TIGF Group, the corporation tax deposits were paid directly to the tax administration. The remaining corporation tax balance for 2014 shall be paid by TIGF Holding SAS on 15 May 2015.

COMMITMENTS

Agreement on the writing off of social obligations at close.

Amounts resulting from the Mercer report: actuarial valuation of social commitments based on the IAS 19 standard on 08/01/2015.

In K€

In K€	CAA P15300	IFC P15300	MIP P15300	PEC P15300	Malakoff P15300	CET P15800
On 01/01/2014	6,464	1,484	2,118	0	0	0
Allowance	1,706	829	272	498	970	605
Cost of services provided	599	331	205			
Cost of past services	838	437	0			
Int expenses	269	61	67	12	23	15
Asset gains/losses						
Entry into the scope				486	947	590
Reversal	-482	0	-1	-77	0	-392
Benefits paid/borrowed	-482	0	-1	-77	0	-392
Reclassification	580	-580	0	0	0	0
On 31/12/2014	7,688	2,313	2,389	421	970	213
Asset gains/losses	4,216	1,409	1,330	34	137	90
	12,484	3,142	3,719	455	1,107	303

CO2 QUOTAS

The company accounts for CO2 emission rights as follows:

- the quotas granted free are entered with a null value,
- the potential difference between quotas available and the obligation for restitution on the expiry date are covered by provisions for their market value.

COMMITMENTS RECEIVED AS OF 31/12/2014

- | | |
|----------------------------|-----------|
| - client bank guarantees | €47,786 K |
| - supplier bank guarantees | €19,954 K |

INDIVIDUAL ACCESS TO TRAINING

Law 2004-391 of 4 May 2004 on the reform of vocational training grants employees an individual right to training. On 31 December 2014, the rights acquired by employees totalled 45,997 hours.

ATTENDANCE FEES 2014

The attendance fees paid to directors in 2013 totalled €158,751.

3.9 CASH FLOW STATEMENT

In Euros

Business cash flow	31/12/2014
Net income	72,688,715.00
<i>Removal of expenses and income with no impact on cash flow: (1)</i>	
- Reversal of operating provision	-3,604,870.70
+ Allowance for operating depreciation	92,195,802.54
+ Allowance for exceptional depreciation	27,422,483.79
- Reversal of exceptional provisions	-5,762,081.58
+ Allowance for financial depreciation	0.00
- Reversal of financial provisions	0.00
- Transfer of expenses to the expenses to allocate account	0.00
+ Exceptional expenses	7,007,141.35
- Share of grants recognised in income	-800.00
<i>(1) Excluding provisions on current assets</i>	
Cash flow from operating activities	189,946,390.40
(-) Change in the working capital requirement (WCR)	-18,698,208.49
- Inventory change	1,969,491.01
- Change in trade account receivables	4,477,801.53
- Change in other operating receivables	28,985.00
- Change in operating debt	-23,978,404.11
- Change in other business debts	-1,196,081.92
Net cash flow from operating activities	171,248,181.91
Cash flow from investment activities	
- Fixed asset acquisitions	-137,256,980.60
+ disposals of assets net of taxes	47,265.33
+ Reduction in financial assets	-62,588.00
+ Change in debts on fixed assets	
- Change in receivables on fixed assets	
Net cash flow from investment activities	-137,272,303.27
Cash flow from financing activities:	
+ Cash increase in capital	
- Decrease in capital	
- Dividends paid	-59,021,788.00
+ Issues of loans	31,191,017.81
- Loan repayments	0.00
+ Investment subsidies received	0.00
Net cash flow from financing activities	-27,830,770.19
Change in cash	6,145,108.45
Opening cash balance	2,654,569.65
Closing cash balance	8,799,678.10
Change in cash flow:	6,145,108.45

FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31 DECEMBER 2013

SUMMARY

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TIGF

In Euros

ASSETS		Gross	Depreciation Provisions	End of 12/13	End of 12/12
FIXED ASSETS	INTANGIBLE ASSETS * 1	65 497 432	28 190 308	37 307 124	29 035 406
	Licences, Patents and Similar rights	62 235 704	27 521 819	34 713 885	20 876 119
	Other Intangible Assets	668 489	668 489		
	Current year fixed assets	2 593 239		2 593 239	8 159 287
	INTANGIBLE ASSETS * 2	2 308 052 131	782 767 987	1 525 284 144	1 430 962 829
	Land	18 318 414	6 534 796	11 783 618	11 706 362
	Construction	58 484 003	21 651 948	36 832 055	37 582 840
	Technical Facilities	2 079 077 917	750 138 240	1 328 939 677	1 262 619 646
	Other Intangible Assets	8 086 344	4 443 003	3 643 341	4 030 331
	Assets under Construction	143 807 281		143 807 281	114 674 941
	Advances and Deposits	278 172		278 172	348 709
	FINANCIAL ASSETS (1) * 3	1 166 028		1 166 028	1 293 522
	Equity Securities	1 085 233		1 085 233	1 085 233
	Loans				137 330
	Other Financial Assets	80 795		80 795	70 959
FIXED ASSETS	2 374 715 591	810 958 295	1 563 757 296	1 461 291 757	
CURRENT ASSETS	INVENTORIES * 5	29 259 181	941 120	28 318 061	27 529 748
	Raw Materials, Supplies	27 985 431	941 120	27 044 311	27 402 301
	Work-in-progress	1 273 750		1 273 750	127 447
	ADVANCES AND DEPOSITS	28 985		28 985	18 100
	RECEIVABLES (2) * 6	49 241 727		49 241 727	89 559 290
	Clients and Related Accounts	42 830 619		42 830 619	40 028 252
	Other receivables	6 411 108		6 411 108	49 531 038
	MISCELLANEOUS	2 654 570		2 654 570	21 889 757
	Marketable Securities				
	Available funds	2 654 570		2 654 570	21 889 757
CURRENT ASSETS	81 184 463	941 120	80 243 343	138 996 895	
ADJUSTMENT ACCOUNTS	Prepaid Expenses (2) *7	86 565		86 565	59 260
	Deferred charges				
	Foreign exchange asset				
TOTAL ASSETS		2 455 986 619	811 899 415	1 644 087 204	1 600 347 912
<p>(1) less than one year</p> <p>(2) greater than one year</p>					

TIGF

In Euros

LIABILITIES		End of 12/13			End of 12/12		
SHAREHOLDER'S EQUITY	Capital (company or individual)		17 579 088		17 579 088		
	Issue, merger, capital contribution premiums	45	538	644	45 538 644		
	Revaluation differences		150 045		150 045		
	Legal reserve	1	757 909		1 757 909		
	Statutory and contractual reserves		130 918		130 918		
	Regulatory reserves						
	Other reserves		129 555		129 555		
	Balance brought forward	471	597	903	425 565 115		
	Period profit or loss	61	447	556	80 114 246		
	Investment Subsidies * 9	38	275	115	17 813 520		
Tax-driven reserves	124	889	369	104 121 014			
	SHAREHOLDER'S EQUITY * 8	761	496	102	692 900 054		
PROVISION	Provisions for risks	2	050 000		1 540 000		
	Provisions for charges	5	792 937		5 348 000		
	PROVISIONS FOR RISKS AND CHARGES * 10	7	842	937	6 888 000		
	Convertible bond issues						
DEBTS	Other bond loans * 11	510	847	500	510 847 500		
	Loans and debt with credit institutions * 11	281	455	398	251 413 310		
	Miscellaneous loans and financial liabilities	1	168	655	1 258 543		
	Advances and deposits received for orders in progress	1	075	837	422 262		
	Trade payables and related accounts	58	413	709	62 554 206		
	Fiscal and company debt	20	081	432	71 224 644		
	Amount due on fixed assets and related accounts						
Other debts (2)		10 034					
ADJUSTMENTS ACCOUNTS	Deferred income	1	695 600		2 839 393		
	Foreign exchange liability						
	DEBTS * 11 (1)	874	748	165	900 559 858		
	TOTAL LIABILITIES	1	644	087 204	1 600 347 912		
(1) less than one year				93 668 678			
(1) greater than one year				781 079 487			
(2) cash							

TIGF

In Euros

PROFIT AND LOSS ACCOUNT	France	Export	End of 12/13	End of 12/12
Sales of merchandise				
Sales of goods	4 140 714		4 140 714	912 453
Sales of services	385 392 425		385 392 425	354 337 355
TURNOVER	389 533 139		389 533 139	355 249 808
Stocked production			492 729	(277 664)
Capitalised production			163 609 479	160 088 373
Operating subsidies			4 600	
Write-backs of depreciation and provisions, transfers of expenditures			845 715	8 014 163
Other revenue			66 956	1 519 228
TOTAL OPERATING INCOME * 12			554 552 618	524 593 908
Merchandise purchases (including customs duties)				
Raw materials purchases & other supplies (including customs duties)			18 964 238	15 958 773
Inventory change (raw materials and supplies)			217 016	(3 671 991)
Other purchases and external expenses			228 239 823	204 939 529
Taxes and related payments			13 763 950	15 177 881
Salaries and wages			35 114 070	33 198 665
Social security contributions			20 683 391	19 850 502
Operating allowance for fixed asset depreciation			81 405 496	63 326 667
Operating allowance for provisions on current assets			140 974	15 786
Operating allowance for provisions for risks and charges			1 689 358	6 481 500
Other operating expenses			4 127 164	5 435 661
TOTAL OPERATING EXPENSES * 13			404 345 480	360 712 973
1 - OPERATING INCOME			150 207 138	163 880 935
Investment income from holdings				
Income from other transferable securities and fixed asset receivables				
Other interest and related income			11 007	51 593
Write-backs of provisions and transfers of expenditures				
Exchange rate gains			22 260	3 474
Net income on disposals of marketable securities				
TOTAL INVESTMENT INCOME			33 267	55 067
Interest and related charges			30 633 388	29 854 630
Exchange rate losses			14 993	3 843
TOTAL FINANCIAL EXPENSES			30 648 381	29 858 473
2 - FINANCIAL INCOME * 14			-30 615 114	-29 803 406
3 - CURRENT PRE-TAX INCOME			119 592 024	134 077 529

TIGF

In Euros

PROFIT AND LOSS ACCOUNT	End of 12/13	End of 12/12
Exceptional income from management operations	826 035	8 000
Exceptional income from capital transactions	1 247 451	25 016 051
Write-backs of provisions and transfers of expenditures	4 010 812	164 646
TOTAL EXCEPTIONAL INCOME * 15	6 084 298	25 188 697
Exceptional charges on management operations	2 274	399 605
Exceptional charges on capital transactions		109 704
Exceptional allowances for depreciation and provisions	24 781 177	24 609 865
TOTAL EXCEPTIONAL CHARGES * 16	24 783 451	25 119 174
4 - EXCEPTIONAL INCOME	-18 699 153	69 523
Employee profit-sharing	2 201 000	3 200 000
Tax on profits * 17	37 244 315	50 832 806
TOTAL INCOME	560 670 183	549 837 672
TOTAL EXPENSES	499 222 627	469 723 426
5 - PROFIT OR LOSS	61 447 556	80 114 246

APPENDICES
TO THE
ANNUAL ACCOUNTS
OF
2013

The balance sheet total before distribution for the period ending 31/12/2013: 1 644 087 204 euros.

The profit and loss account shows a profit of 61 447 556 euros.

The fiscal period lasts for 12 months from January 1st through December 31st.

The notes and tables below are an integral part of the annual accounts closed on 23 April 2014 by the Board of Directors.

I - FAITS MARQUANTS

Until 30 July 2013, the share capital was entirely held by Total Gaz Holding France (TGEHF), a subsidiary 100% owned by ELF Aquitaine, itself held by Total S.A.

After obtaining the required authorisations for foreign investments, (Art. L 151-3 and R 153-1 and following of the Monetary and Financial Code), the concentrations (Regulation EC n°139/2004) and the mining titles (Art. 43 of Decree n° 2006-648 of 2 June 2006), all of the shares of TIGF, held until then by TGEHF, were transferred on 30 July 2013 to TIGF Investissements, indirectly held, via TIGF Holding, by the shareholders:

- SNAM S.p.A (a company registered in Italy)
- Pacific Mezz (Luxembourg) S.à r.l. (a company registered in Luxembourg held by Pacific Mezz Private Limited, a company registered in Singapore)
- and C31 S.A.S (a company registered in France held by Electricité De France S.A).

PRINCIPES COMPTABLES

Accounting rules and methods

The general accounting rules and professional adaptations (C.Com R. 123-180 and PCG Art.531.1) were applied in line with the principle of prudence and in accordance with the basic assumptions:

- Continuity of the operation
- Consistency of accounting methods from one period to the next
- Independence of accounting periods.

The base method selected to value the accounting items is the historical cost method.

Several reorganisations have, however, resulted in the valuation of certain assets at their fair value at the time of the contribution, as shown in point III-11 below.

The valuation and annual accounts presentation methods selected for this fiscal period were not modified from those of the previous period.

II - NOTES ON THE BALANCE SHEET ASSETS

The change in depreciation periods implemented in 2008 created a discrepancy between fiscal and company periods, resulting in accounting of depreciation required by tax law.

Amount on 31/12/2013 124 889 369 euros.

1 - INTANGIBLE ASSETS

Software and patents either acquired or created by the company are entered in the intangible assets account. These items are depreciated over their probable period of use (maximum 5 years). This account also includes transit rights on third-party networks.

Amortisation for the depreciation of intangible assets is calculated using the straight line method for the following periods:

PATENTS	5 years
SOFTWARE	5 years
TRANSIT RIGHTS	10 years

2 - TANGIBLE ASSETS

2-a - Gross values

Tangible assets are entered at their acquisition or production cost with the exception of certain parcels of land acquired prior to 31/12/1976, which have been re-valued.

2-b - Depreciation

In accordance with the implementation of CRC 2002-10, assets are depreciated based on the life of the item.

This approach by component results in the use of straight line depreciation for the following depreciation periods:

	Company period	Fiscal period
IT EQUIPMENT	5 years	3 years
EQUIPMENT AND TOOLS	10 years	5 years
TRANSPORT EQUIPMENT	10 years	5 years
OFFICE EQUIPMENT	10 years	5 years
TELECOMMUNICATION EQUIPMENT	10 years	5 years
LAND DEVELOPMENT	10 years	10 years
GENERAL FACILITIES DEVELOPMENT	10 years	10 years
OTHER OPERATIONS FACILITIES	10 years	10 years
FACILITIES DEVELOPMENT ON LAND OWNED BY OTHERS	10 years	10 years
OFFICE FURNITURE	10 years	10 years
METERING POSTS	30 years	15 years
COMPRESSOR STATIONS-SWITCHING CONNECTION	30 years	15 years
BUILDINGS	25 years	25 years
BUILDINGS ON LAND OWNED BY OTHERS	25 years	25 years
UNDERGROUND PROBES	25 years	25 years
CUSHION GAS	25 years	25 years
MAIN PIPELINES	50 years	25 years
CONNECTIONS	50 years	25 years

3 - FINANCIAL ASSETS

Financial assets break down as follows:

- Equity Securities that is, 773,233 3GRT shares for €773 K ~ and 3120 Déclaranet shares for €312 K	1 085 233 euros
- Deposits and guarantees	80 795 euros

Due dates

The breakdown of financial assets by due date is as follows:

TOTAL	Due date Undefined	Due date Less than one year	Due date 1 to 5 years	Due date over 5 years
1 085 233				1 085 233
80 795				80 795

4 - TOTAL FIXED ASSETS

Amount of fixed asset production in 2013:	184 723 K euros
Amount from commissioning in 2013:	161 156 K euros
Amount of work-in-progress at the end of 2013:	146 401 K euros

Main commissioning in 2013 129 755 K euros

Storage

Lug-25 well conversion	5 693 K euros
Lug-18 work over	2 632 K euros

Main Transport Network

Girland	76 274 K euros
Béarn Artery	10 009 K euros

Regional Network

Reinforcement of the Bordeaux loop	9 367 K euros
Moder Sect. St Médard en Jalles	1 983 K euros
Ludon Médoc Cana DN300	1 903 K euros
Rebuilding of Auros Est	1 400 K euros

Software 20 494 K euros

Main work-in-progress at the end of 2013

121 131 K euros

Replacement of compressor C10	35 008 K euros
Adour artery	23 134 K euros
Acquisition/seismic permitting	22 173 K euros
Lussagnet arrival station	17 664 K euros
Revamping of the TEG boiler	6 907 K euros
New head office	6 749 K euros
Pécorade	5 608 K euros
Lanne switching station	3 887 K euros

Discards 2013

Nothing was scrapped in 2013.

Main fixed assets:

The Izaute and Lussagnet cushion gas created in 2005 in the amount of €361,749 K are depreciated using the straight line method over 25 years.

(Valuation done at the time of creation of TIGF at €10.31/MWh)

The net book value of the "cushion gas" on 31 December 2013 was €237,838 K

5- INVENTORIES AND WORK-IN-PROGRESS

5-a - Method

Gas inventories are valued using the average weighted cost method.

Inventories of consumable materials and supplies are valued using the average weighted cost method.

The cost of entry into inventory of items includes actual accessory purchase costs (excluding transport).

The provision for materials and supplies inventory depreciation is created based on a detailed analysis of each item. The date of the item's last movement is compared to the close date. The difference is used to calculate a number of years to determine the provision percentage.

Number of years	percentage
- than 5 years	0 %
5 to 6 years	5 %
6 to 7 years	10 %
7 to 8 years	20 %
8 to 9 years	40 %
9 to 10 years	60 %
10 to 11 years	80 %
over 11 years	100 %

Work-in-progress is valued at their production cost which includes expenditures for equipment and external expenses (sub-contracting)

5-b - Securities

	Gas Shippers	Gas Own needs	Equipment		Works provision	Total
			Gross	Current		
01/01/2013	0	13 051 593	15 150 854	800 146	127 447	27 529 748
Change	174 946	-997 538	605 576	140 974	1 146 303	788 313
31/12/2013	174 946	12 054 055	15 756 430	941 120	1 273 750	28 318 061

In 2013, the inventory of Transport gas was split into two separate accounting inventories to enable track by type. At the end of 2013, the two types of inventories were:

- Gas inventory for own needs
- Gas inventory for shipper balancing.

6 - RECEIVABLES

- Receivables in bills of exchange: none

The income to be received related to receivables items consists primarily of revenues from storage capacity and gas transport allocated in December 2013 but which will only be invoiced in January 2014.

Status of due dates at period close:

Receivables	Balance	Due Date		
		less than one year	1 to 5 years	over 5 years
Advances & deposits paid	28 985	28 985		
Clients and related accounts				
Doubtful receivables or in dispute	82 849	82 849		
Other client receivables	7 141 231	7 141 231		
Accrued income	35 606 539	35 606 539		
Other receivables				
Personnel and related accounts	72 428	72 428		
Social Welfare Bodies	340	340		
State and Local Authorities	3 114 573	3 114 573		
Group and Associates				
Miscellaneous debtors	62 658	62 658		
Accrued income				
- Personnel				
- Social Welfare Bodies	5 217	5 217		
- State and Local Authorities	2 184 678	2 184 678		
- Miscellaneous debtors	971 214	971 214		
	49 270 712	49 270 712		

7 - PREPAID EXPENSES

Prepaid expenses are related to operations. They are primarily for:

- Invoices received in 2013 for deliveries in 2014.
- Rents paid in advance.
- Insurance premiums paid in advance.
- Licence fees and transit payments paid in advance.
- Subscriptions and contributions paid in advance.
- Computer maintenance services paid in advance.

III - NOTES ON THE BALANCE SHEET LIABILITIES

8 - SHAREHOLDERS' EQUITY

The capital consists of 2,197,386 €8 shares

The allocation of 2012 income breaks down as follows:

- Allocation to balance brought forward 50 097 953 euros.

- In addition, in 2013 TIGF paid a dividend of €34,081,457

- Paid a dividend of €30,016,293 to Total SA following the General Meeting of 26/03/2013

- Paid a dividend of €4,065,164 to TIGF Investissements following the General Meeting of 23/09/20 by deduction from the balance brought forward

	Situation on 01/01/2013	Change	Situation on 31/12/2013
Number of shares	2 197 386	0	2 197 386
Nominal share value	8		8
Capital (company or individual)	17 579 088	0	17 579 088
Issue, merger, capital contribution premium	45 538 644	0	45 538 644
Revaluation differences	150 045	0	150 045
Legal reserve	1 757 909	0	1 757 909
Statutory and contractual reserves	130 918	0	130 918
Other reserves	129 555	0	129 555
Balance brought forward	425 565 115	46 032 788	471 597 903
Income for the 2012 period	80 114 246	-80 114 246	0
Income for the 2013 period		61 447 556	61 447 556
Investment Subsidies (**)	17 813 520	20 461 595	38 275 115
Tax-driven reserves (*)	104 121 014	20 768 355	124 889 369
Total	692 900 054	68 596 048	761 496 102

(*) Depreciation required by tax law

(**) European subsidies

9 - PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges consist of the following:

Provisions for risks	Situation on 01/01/2013	Movements		Situation on 31/12/2013
		Increases	Decreases	
Provision for risks	1 540 000	520 000	10 000	2 050 000
Total	1 540 000	520 000	10 000	2 050 000

The company can be subject to legal proceedings and tax or administrative audits while carrying out its operations.

The company creates a provision each time a risk constitutes an obligation toward a third party for which the probable liability can be estimated with sufficient accuracy.

Provisions for charges	Situation on 01/01/2013	Movements		Situation on 31/12/2013
		Increases	Decreases	
RH litigation		1 000 000		1 000 000
Long-service medal	588 000	65 800	42 800	611 000
MIP	307 000		53 368	253 632
Global retirement guarantee	42 000		42 000	
Right to early retirement	4 019 000	103 558	400 000	3 722 558
IFC	392 000		186 253	205 747
Total	5 348 000	1 169 358	724 421	5 792 937

In 2012, the third European Directive required the transfer of rights acquired by former TOTAL SA and ELF EP for their mutual insurance (MIP), retirement liability (DCAA and IFC), and long-service medal as well as the transfer of the balance of individual accounts in the amount of €6,328 K.

It was decided that as of 01/01/2013 these provisions would be written off as TIGF employees leave regardless of their original contract.

10 - DEBTS

Status of due dates at period close:

Debt	Balance		Undefined
Advances & deposits paid	1	075 837	
Financial debts			
Loans and debt with credit institutions (1)	280	000 000	
Other bond loans (1)	500	000 000	
Accrued interest on loans	12	302 898	
Miscellaneous loans and financial debt (2)	1	168 655	1 079 487
Operating debt			
Supplier debt and related accounts	58	413 709	
Tax and social debt	5	056 170	
Charges payable related to personnel	8	216 576	
Charges payable related to social welfare bodies	1	913 554	
Charges payable related to the State and local authorities	4	895 131	
Other debts		10 034	
Charges payable			
Deferred income (3)	1	695 600	
	874	748 165	1 079 487

(1) July 2011: implementation of external financing breaking down as follows:

- A bank loan taken out in July 2011: 250 000 000 five year period, with a fixed rate hedged with a rate swap.

TIGF decided to hedge the term loan (€250 M, maturity 5 years) in order to fix the interest rate. TIGF pays a fixed rate and gets the Euribor six-month on the term loan interest due date (every March 30th and September 30th). The loan and the swap are perfectly piggy-backed: identical amount and duration, start and end dates, with the hedged element amortisable in line with the swap's schedule. Fair value of the swap at the end of 2013 = 14,1 M€

- A bond loan taken out in July 2011: 500 000 000 10-year period, rate 4.339%

Loans repaid during the period: -

- In 2013: implementation of external financing breaking down as follows:

Financing of €30,000,000 drawn from the reserve loan:

March: Drawing of €20,000,000

July: Drawing of €10,000,000

Variable rate indexed on the EURIBOR 3-month plus a margin.

(2) Primarily for deposits and guarantees received from clients

Loans subscribed to during the period: -

Due date		
less than one year	1 to 5 years	over 5 years
1 075 837		
	280 000 000	
		500 000 000
12 302 898		
89 168		
58 413 709		
5 056 170		
8 216 576		
1 913 554		
4 895 131		
10 034		
1 695 600		
93 668 678	280 000 000	500 000 000

IV - ACCOUNTS WITH AFFILIATED COMPANIES

The following table shows the amounts, for each balance sheet item and the expense and income accounts, that are of interest to the companies affiliated with TIGF SA.

The amounts entered for the 2013 period correspond to:

- The service contract signed by TIGF Investissements and TIGF SA., contract in which TIGF Investissements commits to providing TIGF SA with its expertise, notably in the areas of general management, strategy, finance, human resources, legal, corporate governance, compliance and taxation.
- Re-invoicing, as part of the creation of the new group, of the expenses incurred for TIGF Investissements

Affiliated companies	
BALANCE SHEET ASSET ITEMS	
Advances and deposits on intangible assets	0
Advances and deposits on tangible assets	0
Holdings	0
Receivables related to holdings	0
Other long-term shareholding	0
Loans	0
Other financial assets	0
Advances and deposits received on orders	0
Client receivables and related accounts	0
Affiliated as part of special agreements	0
Other receivables	0
Marketable securities	0
Available funds	0
Prepaid Expenses	0
Expenses to be spread over several periods	0
Total	0
BALANCE SHEET LIABILITY ITEMS	
Other bond loans	0
Loans and debt with credit institutions	0
Loans and other financial liabilities	0
Advances and deposits received on orders in progress	0
Trade payables and related accounts	195 905
Fiscal and social debt	0
Amount due on fixed assets and related accounts	0
Affiliated as part of special agreements	0
Other debts	0
Deferred income	0
Total	195 905
PROFIT AND LOSS ACCOUNT ITEMS	
Operating expenses	163 800
Operating income	156 000

V - NOTES ON THE PROFIT AND LOSS ACCOUNT

11 - OPERATING INCOME

- Turnover

The company's turnover is 389 533 139 euros

it consists primarily of:

Transport Capacity Income	197 068 040 euros
Storage Capacity Income	124 376 006 euros
Interconnection	32 952 716 euros
Connection and interfacing income	7 299 359 euros
European subsidies	21 113 218 euros
Other income from activities year	2 224 515 euros
Natural Gas Sales	4 140 714 euros

- Capitalised production 163 609 479 euros

See point 2-C above Notes on the balance sheet assets

- Write-backs of depreciation and provisions, transfers of ex 845 715 euros

- Write-back of Risk and Charges provisions	10 000 euros
- Write-back of pension provisions	724 421 euros
- Operating expense transfers	111 294 euros

They include:

- Reimbursements received from insurance companies for accidents
- reimbursements from social welfare (daily allowances) and training bodies
- Compensation invoiced to the DDEs, Conurbation...for moving pipelines.

12 - OPERATING COSTS

Operating costs include investment expenses offset by fixed asset income.

These expenses are found primarily in the following items:

Inventory change	578 K euros
Other purchases and external expenses	166 007 K euros
Taxes and related payments	405 K euros
Salaries and wages	8 798 K euros
Social security contributions	5 136 K euros
Other operating expenses	3 403 K euros

Allowances for depreciation take into account the value of amortisations of the company's fixed assets.

13- FINANCIAL INCOME

Financial income is primarily tied to external financing and breaks down as follows:

Interest on loans	30 632 049 euros
Other financial expenses	16 332 euros
Income from marketable securities	-10 989 euros
Other investment income	-22 279 euros

	30 615 113 euros

14 - EXCEPTIONAL INCOME

Exceptional income from capital activities

These are primarily:

- Tax relief (notably on the TP 2009 repayment)	644 602 euros
- Spreading of the gain on the transport network buy-back	1 188 960 euros
- Income from the sale of assets	euros
- Write-back of depreciation required by tax law	4 010 812 euros

15 - EXCEPTIONAL EXPENSES

Exceptional expenses consist primarily of:

- The allowance for depreciation required by tax law	24 779 167 euros
- The book value of financial assets sold	euros
- The exceptional depreciation of scrapped fixed assets	2 010 euros

16 - TAX ON PROFITS

The tax on profits of the 2013 Profit and Loss account is 37 244 315 euros

Breakdown

Provision for fiscal year 2013	34 975 229 euros
IS 2012 adjustment paid on 15/04/2013	51 797 euros
Adjustment following the tax audit	2 095 334 euros
Contribution	121 955 euros

Tax 37 244 315 euros

VI - OTHER INFORMATION

Staff* by category	01/01/2013	31/12/2013
- EXECUTIVES	184	192
- OETAM (workers, employees, technicians and super	328	348
Total staff	512	540

* fixed-term and permanent staff

Consolidation and tax consolidation

The company's accounts are consolidated according to IFRS rules at TIGF Holding SAS using the full consolidation method.

The TIGF subsidiary left the TOTAL group on 1 January 2013.

However, all four of TIGF's instalments were paid to Group TOTAL SA during 2013.

The letters attesting to the payment of the four TIGF instalments to Total SA were written and sent to the tax authorities.

TIGF will pay the balance of taxes owed for 2013 to the DGE on 15/04/2014.

Commitments: Agreement on the writing off of social obligations at close.

Amounts resulting from the Mercer report: Actuarial valuation of social commitments based on the IAS 19 standard on 31/12/2013

In €K	Bonds	Assets	Net position
Retirement benefits	-3 469	1 985	-1 484
Right to early retirement	-6 464		-6 464
Mip	-2 118		-2 118
	-12 051	1 985	-10 066

CO2 quotas

The company accounts for CO2 emissions rights as follows:

The quotas granted free are entered with a null value.

The potential difference between quotas available and the obligation for restitution on the expiry date are covered by provisions for their market value.

Commitments received

- Client bank guarantees	30 902 K euros
- Supplier bank guarantees	18 815 K euros

Individual access to training

Law 2004-391 of 4 May 2004 on the reform of vocational training grants employees an individual right to training.

On 31 December 2013, the rights acquired by employees totalled 42,838 hours

Directors' attendance fees

The attendance fees paid to directors in 2013 totalled	192 668 euros
--	---------------

VII - 2013 Cash Flow Statement

Euros

<u>Business cash flow:</u>	
2013 net income	61 447556
<i>Elimination of expenses and income without an impact on the cash flow or unrelated to the business activity (1):</i>	
- Write-back operating provision	- 734421
+ Allowance for operating depreciation	83 095633
+ Allowance for depreciation required by tax law	24 779167
- Write-back of exceptional depreciation	4 010812
+ Allowance for exceptional depreciation	2010
+ Write-back of exceptional provisions	-
- Transfer of expenses to the expenses to allocate account	-
- Sales gains net of taxes	-
- Share of subsidies transferred to income	- 4600
<i>(1) With the exception of the provisions on current assets</i>	
MBA	164 574533
(-) Change in the working capital requirement (WCR)	16 272561
. Inventory change	- 788312
. Change in receivables	5 315028
. Change in other operating receivables	- 10885
. Change in operating debts	19 654904
. Change in other business debts	1 133488
Net cash flow from operating activities	148 301971
Cash flow from investment activities	
- Fixed asset acquisitions (net of subsidies)	- 184 694957
- Financial asset acquisitions	-
+ Sales of fixed assets net of taxes	-
+ Reduction in financial assets	170290
Net cash flow from investment activities	184 524666
Cash flow from financing activities:	
- Increase in capital	-
- Decrease in capital	-
- Dividends paid	34 081457
+ Loans issues	30 000000
- Loan repayments	- 44252
+ Investment subsidies received	21 113218
Net cash flow from financing activities	16 987508

Change in cash flow	-	19 235 187
.Opening cash balance		21 889 757
.Closing cash balance		2 654 570
Change in cash flow	-	19 235 187

**STATUTORY AUDITORS REPORT OF THE ISSUER ON THE FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013 (ENGLISH
TRANSLATIONS)**

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Transport et Infrastructures Gaz France S.A.

**« TRANSPORT ET INFRASTRUCTURES
GAZ FRANCE (T.I.G.F.) »**

Espace Volta
40, avenue de l'Europe
CS 20522
64000 - PAU

Financial year ended 31 December 2014

**REPORT
OF THE STATUTORY AUDITORS
ON THE FINANCIAL STATEMENTS**

ERNST & YOUNG et Autres

ERNST & YOUNG et Autres

1-2, Place des Saisons

92400 Courbevoie-Paris La Défense 1

S.A.S. [French simplified joint stock company]

EXCO FIDUCIAIRE DU SUD-OUEST

EXCO FIDUCIAIRE DU SUD-OUEST

2, rue des Feuillants

31076 – Toulouse Cedex 03

S.A. [French public limited company]

With variable share capital

with share capital of EUR.1.863.000

Statutory Auditors
Member of the Compagnie
Régionale de Versailles

Statutory Auditors
Member of the Compagnie
Régionale de Toulouse

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2014, on:

- The audit of the financial statements of the company “**TRANSPORT ET INFRASTRUCTURES GAZ FRANCE**”, as enclosed to this report,
- The justification of our assessments,
- The specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. It also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We certify that the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company, and of the results of the operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of the article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

The notes 4.4.2 “Tangible assets” and 4.4.3 “Main fixed assets” in the appendix explain the accounting rules and methods with regard to the accounting for the fixed assets and in particular those regarding the activation of the tangible assets in progress as well as the rules for depreciation regarding capitalized assets.

As part of our evaluation of the accounting rules and principles followed by your company, we have verified the appropriate nature of the accounting methods referred to above and the information provided in the appendix of these accounts and we have ensured that they have been applied correctly.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III SPECIFIC VERIFICATIONS ET INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Issued in Paris-La Défense and Toulouse, on the 23rd of April, 2015

The Statutory Auditors,

ERNST & YOUNG et Autres

EXCO FIDUCIAIRE DU SUD-OUEST

Philippe DIU

Jean-Marie FERRANDO

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

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This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Transport et Infrastructures Gaz France S.A.

TRANSPORT ET INFRASTRUCTURES

GAZ FRANCE

(T.I.G.F.)

49, avenue Dufau

64000 PAU Cedex France

**Report
of the Statutory Auditors
on the financial statements**

Financial year ended 31 December 2013

ERNST & YOUNG et Autres

EXCO FIDUCIAIRE DU SUD-OUEST

ERNST & YOUNG et Autres

EXCO FIDUCIAIRE DU SUD-OUEST

1-2, Place des Saisons

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Statutory Auditors
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To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying financial statements of the Company: "**TRANSPORT ET INFRASTRUCTURES GAZ FRANCE**", as enclosed with this report,
- the justification of our assessments,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We certify that the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company, and of the results of its operations for the year then ended in accordance with French accounting principles.

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The notes 2 "Tangible assets" and 4 "Main fixed assets" in the appendix explain the accounting rules and methods with regard to the accounting for the fixed assets and in particular those regarding the activation of the tangible assets in progress as well as the rules for depreciation regarding capitalised assets.

As part of our evaluation of the accounting rules and principles followed by your company, we have verified the appropriate nature of the accounting methods referred to above and the information provided in the appendix to these accounts and we have ensured that they have been applied correctly.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Issued in Paris and Toulouse, on 7 May 2014.

The Statutory Auditors,

ERNST & YOUNG et Autres

EXCO FIDUCIAIRE DU SUD-OUEST

Philippe DIU

Jean-Marie FERRANDO

RECENT DEVELOPMENTS

Redemption of existing credit facilities and new financings

The Issuer's current financings includes (a) two existing bank facilities entered into on 24 June 2011 at prevailing market conditions, made of (i) a EUR 250 million five (5) year term loan facility and (ii) a EUR 250 million five (5) year revolving loan facility, currently drawn for EUR 130,000,000 and (b) the EUR 500 million 4.339 per cent. notes due 2021 issued on 7 July 2011, currently rated Baa2 by Moody's.

In addition to the issuance of the Bonds, it is intended that the Issuer will raise funds through (x) a new EUR 250 million revolving loan facility having an initial maturity of five (5) years with a faculty to extend the maturity for a maximum of two (2) years and (y) the issuance of EUR 350 million notes due 2035 as part of an Euro Private Placement (the *PP Notes*).

It is also intended that both of the two existing bank facilities will be fully cancelled and redeemed on 5 August 2015, by using the proceeds of the issue of the Bonds and the PP Notes as well as by drawing under the new revolving loan facility.

The new revolving credit facility bears interest at a floating rate plus a margin, which is subject to reduction or increase in the event of a change in the rating of the Issuer.

The new revolving credit facility and the documentation applicable to the PP Notes contain customary representations and undertakings, including restrictions on the granting of security and disposals of assets. The facility and the PP Notes are subject to cancellation and prepayment in certain circumstances, including, subject to certain conditions, upon a change of control of the Issuer and in other customary circumstances such as tax events.

Ownership

On 26 February 2015, Predica entered into the share capital of TIGF with a 10% stake. Such acquisition of a 10% interest in TIGF Holding has been implemented in accordance with Article 11.6 of the TIGF Holding shareholders' agreement signed on 6 November 2013, as reviewed by the CRE in the last certification of TIGF SA dated 3 July 2014.

Following the acquisition and the dilution resulting from the increase in capital, Predica holds 10%, SNAM S.p.A holds 40.5%, Pacific Mezz (Luxembourg) S.à r.l. holds 31.5% and Société C31 S.A.S. holds 18% of TIGF Holding's capital.

The entry of Predica, acting as a financial investor, is not such as to justify a review of the certification of TIGF SA as an OU. The shareholding structure and the governance rules of TIGF SA submitted to the CRE for its last certification should remain unchanged considering that such acquisition complies with the European and French rules described above in section "*Description of the Issuer – Rules applicable to TIGF as an OU*" and should not result in a new certification to be issued by the CRE. The CRE has been duly informed of such acquisition in accordance with the rules of the French *Code de l'énergie* and the process is still ongoing.

Registered Office

On April 2015, TIGF S.A. successfully moved its registered office into its new headquarters in Pau "Espace Volta".

The new common market place for the TIGF and GRTgaz networks

Until 1 April 2015, each balancing zones (*i.e.*, the North and South zones on the GRTgaz network and the TIGF zone) represented a market place, known as a PEG (“*point d’échange de gaz*”) allowing shippers to purchase or sell gas in this zone.

In accordance with the 2012 Tariff Decision and a deliberation of the CRE of 22 May 2014 *regarding the operating rules of the common market place for the TIGF and GRTgaz South networks as of 1 April 2015* (the **May 2014 Deliberation**), a common market place, named TRS for Trading Region South, for the TIGF and GRTgaz South networks has been created as of 1 April 2015.

According to the 2012 Tariff Decision, this should bring the storage operators present in the GRTgaz South and TIGF zones directly into competition.

In this respect and pursuant to the May 2014 Deliberation, transactions on the South PEG will be firm and may be made with any participant on the PEG, whatever the origin or destination of the gas.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. The description below does not address specific issues which may be relevant for Noteholders of the Notes who concurrently hold shares of the Issuer or who are otherwise affiliated with the Issuer, including within the meaning of Article 39,12 of the French Code général des impôts.

EU Savings Directive

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

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

For a transitional period, Austria is instead required (unless during such period it elects otherwise) to operate a withholding tax in relation to such payments (Luxembourg, which before 1 January 2015 also operated a withholding tax under the transitional rules, has now replaced such withholding tax with the information reporting regime described above). The transitional period will end after agreement on exchange of information is reached between the EU and certain non-EU states.

A number of non-EU countries and territories, including Switzerland, have adopted equivalent measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system, or through a non-EU country which has adopted similar measures and has opted for a withholding system, or through certain dependent or associated territories which have adopted similar measures and which have 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. The Issuer is required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the Savings Directive (the **Amending Directive**). Member States are required to apply these new requirements from 1 January 2017. If they were to take effect, the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. The Savings Directive (as amended) would also apply a "look through approach" to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the Savings Directive. This approach may in some cases apply where such persons, entities or legal arrangements are established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

France

Withholding Tax

Following the introduction of the French *loi de finances rectificative pour 2009 n°3* (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). The list of non-cooperative States or territories is published by ministerial order and updated annually. If such payments under the Notes are made in a Non-Cooperative State, a 75% withholding tax will be applicable pursuant to Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

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

Notwithstanding the foregoing, the Law provides that neither the 75% withholding tax set out under Article 125 A III of the French *Code général des impôts*, the Deductibility Exclusion, nor the withholding tax set out under article 119 *bis* 2 of the French *Code general des impôts* will apply in respect of the Notes if the Issuer can prove (i) that the principal purpose and effect of the issue of the Notes was not that of allowing the payment of interest or other revenues to be made in a Non-Cooperative State (the **Exception**) and (ii) in respect of the Deductibility Exclusion, that the interest or other assimilated revenues on the Notes relate to genuine transaction and are not in an abnormal or exaggerated amount. Pursuant to the official doctrine of the French tax authorities under the references BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80, BOI-IR-DOMIC-10-20-20-60-20150320 no. 10 and BOI-ANNX-000364-20120912 no. 20, an issue of Notes will benefit from the Exception, without the Issuer having to provide any proof of the purpose and effects of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State or territory 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 that the operation of such market is carried out by a market operator or an investment services provider, or by

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

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

Payments of interest and other revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion does not apply to such payments.

Pursuant to Article 125 A of the French *Code général des impôts*, subject to certain limited exceptions, interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. If the amount of this withholding tax exceeds the amount of personal income tax due, the excess is refundable. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on such interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

EU Savings Directive

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

SUBSCRIPTION AND SALE

Subscription Agreement

Natixis, UniCredit Bank AG and Crédit Agricole Corporate and Investment Bank and HSBC Bank plc and Barclays Bank PLC, Citigroup Global Markets Limited, Mediobanca - Banca di Credito Finanziario S.p.A. and The Royal Bank of Scotland plc (the **Managers**) have, pursuant to a Subscription Agreement dated 29 July 2015 (the **Subscription Agreement**), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at an issue price equal to 100.00 per cent. of the principal amount of the Notes, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Managers in connection with the issue of the Notes.

The Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

General Selling Restrictions

Each Manager has agreed severally and not jointly to observe (to the best of its knowledge and belief) all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would, to the best of each Manager's knowledge, permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

France

Each of the Managers has represented and agreed severally and not jointly that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United Kingdom

Each Manager has represented and agreed severally and not jointly that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the 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 or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, 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 on Regulation S.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Italy

Each of the Managers has represented and agreed severally and not jointly, that this Prospectus has not been, nor will be, published in the Republic of Italy in connection with the offering of the Notes and such offering of the Notes has not been, nor will be, registered with the Italian financial authority, *Commissione Nazionale per le Società e la Borsa (Consob)* in the Republic of Italy pursuant to Legislative Decree no. 58 of 24 February 1998 as amended (the **Financial Services Act**) and to Consob Regulation no. 11971 of 14 May 1999 as amended (the **Issuers Regulation**). Accordingly, each of the Managers has represented and agreed severally and not jointly that no Notes may, and will, be offered, sold or delivered, directly or indirectly, in the Republic of Italy in an offer to the public (*offerta al pubblico*), as defined under Article 1, paragraph 1, letter (t) of the Financial Services Act, nor may, or will, copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*), as defined in Article 34-ter, paragraph 1(b) of the Issuers Regulation; or (b) in any other circumstances which are exempted from the rules on offers to the public pursuant to, and in compliance with, the conditions set out in Article 100 of the Financial Services Act and its implementing regulations, including Article 34-ter, first paragraph, of the Issuers Regulation.

Each of the Issuer and the Managers has also represented and agreed severally and not jointly that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the offer of Notes in the Republic of Italy under (a) or (b) above must, and will, be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations, and, in particular shall and will be made:

- (i) by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, the Issuers Regulation, Consob

Regulation no. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 as amended; and

- (ii) in compliance with any other applicable notification requirement and/or limitation which may be, from time to time, imposed by Consob, the Bank of Italy and/or any other Italian authority.

Any investor purchasing Notes in an offer to the public is solely responsible for ensuring that any offer or resale of Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations. Article 100-bis of the Financial Services Act affects the transferability of the Notes in Italy to the extent that the Notes are placed solely with qualified investors and such Notes are then systematically resold to non-qualified investors on the secondary market at any time in the twelve (12) months following such placing. Should this occur without the publication of a prospectus pursuant to Prospectus Directive in Italy or outside of the application of one of the exemptions referred to above, purchasers of Notes who are acting outside of the course of their business or profession are entitled, under certain conditions, to have such purchase declared void and to claim damages from any authorised intermediary at whose premises the Notes were purchased.

This Prospectus and any other document relating to the Notes and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in the Republic of Italy other than the original addressees of this Prospectus may rely on this Prospectus or any other document relating to the offer of Notes.

GENERAL INFORMATION

1. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0012881555. The Common Code number for the Notes is 126996799.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42, avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

2. Listing and admission to trading

Application has been made to the AMF, in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive, for the approval of this Prospectus.

Application has been made to list and admit the Notes to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

3. Corporate authorisations

The issue of the Notes was authorised by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 27 July 2015 and a decision of Monique Delamare, Managing Director (*Directrice Générale*) of the Issuer, dated 27 July 2015.

4. Documents available

Copies of:

- (i) the *statuts* of the Issuer;
- (ii) the Fiscal Agency Agreement;
- (iii) this Prospectus;
- (iv) the documents incorporated by reference in this Prospectus; and
- (v) the ORAs' Amended Terms and Conditions and the New Undertaking Agreement,

will be available for inspection during the usual business hours on any week day (except Saturdays and public holidays) at the registered office of the Issuer.

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the websites of the Issuer (www.tigf.fr). A copy of the Prospectus will also be available on the website of the AMF (www.amf-france.org).

5. No material change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2014 and no material adverse change in the prospects of the Issuer since 31 December 2014.

6. Material contracts

At the date of this Prospectus, there are no material contracts (other than those entered into in the ordinary course of the Issuer's business) which could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to Noteholders in respect of the Notes being issued.

7. Litigation

The Issuer is not 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 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

8. Auditors

Ernst & Young et Autres and Exco Fiduciaire du Sud-Ouest are the statutory auditors of the Issuer.

Ernst & Young et Autres and Exco Fiduciaire du Sud-Ouest have audited, and rendered unqualified report on, the financial statements of the Issuer as at, and for the years ended, 31 December 2013 and 31 December 2014.

Ernst & Young et Autres are registered as *Commissaires aux Comptes* (members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Versailles*) and Exco Fiduciaire du Sud-Ouest are registered as *Commissaires aux Comptes* (members of the *Compagnie Régionale de Toulouse*). They are regulated by the *Haut Conseil du Commissariat aux Comptes*. The Issuer does not publish interim financial statements.

9. Listing fees

The estimated costs for the admission to trading are €8,000.

10. Yield

The yield in respect of the Notes is 2.20 and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

11. Interest material to the issue

As far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

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

Transport et Infrastructures Gaz France

40, avenue de l'Europe
64000 Pau
France

Duly represented by:

Hervé Fleury

Directeur Finance Achats Juridique

authorised signatory pursuant to the resolutions of the Board of Directors (*conseil d'administration*) of the Issuer dated 27 July 2015, the decision of Monique Delamare, Managing Director (*Directrice Générale*) of the Issuer dated 27 July 2015 and the power of attorney dated 27 July 2015

Dated 29 July 2015



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa no. 15-422 on 29 July 2015. This Prospectus has been 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 has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

REGISTERED OFFICE OF THE ISSUER

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United Kingdom

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To the Managers

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FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

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