

**COENTREPRISE DE TRANSPORT D'ÉLECTRICITÉ**

(a *société anonyme* incorporated in France)

**€500,000,000 0.875 per cent. Bonds due 29 September 2024**

**Issue Price: 99.698 per cent. of the principal amount of the 2024 Bonds**

**and**

**€1,200,000,000 1.500 per cent. Bonds due 29 July 2028**

**Issue Price: 98.971 per cent. of the principal amount of the 2028 Bonds**

**and**

**€1,220,000,000 2.125 per cent. Bonds due 29 July 2032**

**Issue Price: 99.171 per cent. of the principal amount of the 2032 Bonds**

The €500,000,000 0.875 per cent. Bonds maturing on 29 September 2024 (the "**2024 Bonds**") of Coentreprise de Transport d'Électricité (formerly known as Société C25 before 1 June 2017) ("**CTE**" or the "**Issuer**") will be issued outside the Republic of France on 29 June 2017 (the "**Issue Date**").

The €1,200,000,000 1.500 per cent. Bonds maturing on 29 July 2028 (the "**2028 Bonds**") of the Issuer will be issued outside the Republic of France on the Issue Date.

The €1,220,000,000 2.125 per cent. Bonds maturing on 29 July 2032 (the "**2032 Bonds**" and together with the 2024 Bonds and the 2028 Bonds, the "**Bonds**" and each a "**Bond**") of the Issuer will be issued outside the Republic of France on the Issue Date.

"Terms and Conditions of the 2024 Bonds", "Terms and Conditions of the 2028 Bonds" and "Terms and Conditions of the 2032 Notes" are together referred to herein as "Terms and Conditions of the Bonds".

Interest on the 2024 Bonds will accrue from, and including, the Issue Date at the rate of 0.875 per cent. per annum, payable in Euro in arrear on 29 September in each year, and for the first time on 29 September 2018, as further described in "Terms and Conditions of the 2024 Bonds – Interest" of this prospectus (the "**Prospectus**").

Interest on the 2028 Bonds will accrue from, and including, the Issue Date at the rate of 1.500 per cent. per annum, payable in Euro in arrear on 29 July in each year, and for the first time on 29 July 2018, as further described in "Terms and Conditions of the 2028 Bonds – Interest" of this Prospectus.

Interest on the 2032 Bonds will accrue from, and including, the Issue Date at the rate of 2.125 per cent. per annum, payable in Euro in arrear on 29 July in each year, and for the first time on 29 July 2018, as further described in "Terms and Conditions of the 2032 Bonds – Interest" of this Prospectus.

Unless previously redeemed or purchased and cancelled, (i) the 2024 Bonds will be redeemed at par on 29 September 2024 (the "**2024 Bonds Maturity Date**"), (ii) the 2028 Bonds will be redeemed at par on 29 July 2028 (the "**2028 Bonds Maturity Date**") and (iii) the 2032 Bonds will be redeemed at par on 29 July 2032 (the "**2032 Bonds Maturity Date**" and, together the "**Maturity Dates**" or individually a "**Maturity Date**").

The Issuer may, at its option, (i) on any date from and including the date falling three (3) months before the Maturity Date to but excluding such Maturity Date, redeem the relevant Bonds outstanding on any such date, in whole but not in part, at their principal amount together with accrued interest, as described under "Terms and Conditions of the Bonds - Residual Maturity Call Option", (ii) at any time and from time to time prior to the Maturity Date redeem all or any of the Bonds at their Make-whole Redemption Amount in accordance with the provisions set out in "Terms and Conditions of the Bonds - Make-whole Redemption", and (iii) if 80 per cent. or

more in principal amount of the Bonds then outstanding have been redeemed or purchased and cancelled, redeem all such remaining Bonds in accordance with the provisions set out in "Terms and Conditions of the Bonds – Squeeze-Out Redemption". The Issuer may also, at its option, and in certain circumstances shall, redeem all, but not some only, of the Bonds at par plus accrued interest in the event of certain tax changes as described under "Terms and Conditions of the Bonds – Redemption for Taxation Reasons".

Each holder of each Bond will have the option, following a Change of Control (as defined herein), to require the Issuer to redeem or, at the Issuer's option, purchase that Bond at its principal amount together with any accrued interest thereon as more fully described under "Terms and Conditions of the Bonds – Early Redemption of the Bonds at the option of the Bondholders following a Change of Control".

The Bonds will, upon issue, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in the "Terms and Conditions of the Bonds – Form denomination and title"). The Bonds will be issued in dematerialised bearer form in the denomination of €100,000 each. Title to the Bonds will be evidenced by book-entries (*dématérialisé*) in accordance with Articles L.211-3 et seq. and R.211-1 et seq. 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 Bonds.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended (the "**Prospectus Directive**").

Application has been made to the *Autorité des marchés financiers* (the "**AMF**"), in its capacity as a competent authority pursuant to Article 212-2 of its *Règlement Général*, implementing Article 13 of the Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), for the approval of this Prospectus as a prospectus of the purposes of Article 5.3 of the Prospectus Directive. Application has also been made to Euronext Paris for the Bonds to be admitted to trading to Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive, Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a "**Regulated Market**").

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Bonds are being offered outside the United States by the Joint Lead Managers (as defined in "Subscription and Sale") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States 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.

The Issuer is rated A- and the Bonds are rated BBB+ by Standard & Poor's Credit Market Services Europe Limited. Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**"). Standard & Poor's Credit Market Services Europe Limited appears on the latest update of the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<http://esma.europa.eu>) in accordance with the CRA Regulation. 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.

**Prospective investors should have regard to the factors described in the section headed "Risk Factors" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Bonds.**

#### **Structuring Adviser and Joint Lead Manager**

**BARCLAYS**

**Joint Lead Managers**

**BNP Paribas**

**Crédit Agricole CIB**

**Mizuho Securities**

**UniCredit Bank**

*This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive and has been prepared for the purpose of giving information with respect to the Issuer, RTE (as defined in "Description of CTE" below) and the Issuer and its subsidiaries taken as a whole (the "**Group**") 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, as well as the Bonds.*

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

*The Joint Lead Managers (as defined in "Subscription and Sale" below) have not separately verified the information contained in this Prospectus. The Joint Lead Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by, or on behalf of, any of the Issuer, RTE or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Bonds.*

*This Prospectus does not constitute an offer of, or an invitation to, subscribe for, or purchase, any Bonds.*

*No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Bonds not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers. The delivery of this Prospectus or any offering or sale of Bonds at any time does not imply (i) that there has been no change with respect to the Issuer, RTE or the Group, since the date hereof, and (ii) that the information contained in it is correct as at any time subsequent to its date.*

*The Prospectus and any other information relating to the Issuer, RTE or the Bonds should not be considered as an offer, an invitation or a recommendation by any of the Issuer, RTE or the Joint Lead Managers to subscribe or purchase the Bonds. Each prospective investor of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial or general condition of the Issuer or of RTE during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Bonds of any information coming to its attention. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, RTE, their respective business, their financial condition and the Bonds and consult their own financial or legal advisers about risks associated with investing in the Bonds and the suitability of investing in the Bonds in light of their particular circumstances. Potential investors should read carefully the section entitled "Risk Factors" set out in this Prospectus before making a decision to invest in the Bonds.*

*The distribution of this Prospectus and the offering or the sale of the Bonds in certain jurisdictions may be restricted by law or regulation. The Issuer, RTE and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any obligation or responsibility for facilitating any such distribution, offering or sale. In particular, no action has been or will be taken by the Issuer, RTE or any of the Joint Lead Managers which is intended to permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bond may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Bonds and distribution of this Prospectus and of any other offering material relating to the Bonds, see "Subscription and Sale" below.*

*This Prospectus has not been and will not be submitted for approval to any authority other than the Autorité des marchés financiers ("**AMF**") in France.*

*In particular, the Bonds have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.*

*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**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) no 974/98 of 3 May 1998 on the introduction of the euro, as amended.*

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## **RISK FACTORS**

*The Issuer considers that the risk factors described below are important to make an investment decision in the Bonds and/or may alter its ability to fulfil its obligations under the Bonds towards investors. All of these factors are contingencies which are unpredictable and may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer, RTE, the Group or to any of their subsidiaries.*

*The following describes the main risk factors relating to the Issuer, RTE and the Bonds that the Issuer considers, as of the date hereof, material with respect to the Bonds. The risks described below are not the only risks the Issuer, RTE and their subsidiaries face and they do not describe all of the risks of an investment in the Bonds. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bond, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be not material could also have a material impact on its business operations or on an investment in the Bonds.*

*Prior to making an investment decision in the Bonds, prospective investors should consider carefully all the information contained in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Bonds must make their own analysis and assessment of all the risks associated to the Bonds and the risks related to the Issuer, RTE and their activities and financial position. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Bonds and the suitability of such an investment in light of their particular circumstances.*

*The Bonds should only be purchased by investors who are financial institutions or other professional investors who are able to assess the specific risks implied by an investment in the Bonds, or who act on the advice of financial institutions.*

*The order in which the following risk factors are presented is not an indication of the likelihood of their occurrence.*

*Terms defined in "Terms and Conditions of the 2024 Bonds", "Terms and Conditions of the 2028 Bonds" and "Terms and Conditions of the 2032 Bonds" (together, the "Terms and Conditions of the Bonds") below shall have the same meaning where used below.*

### **1. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS**

The risk factors set forth below primarily relate to the business of RTE, including its subsidiaries. Such risks also affect the Issuer because the Issuer's sole asset currently is one hundred per cent. of the shares of RTE.

#### **1.1 Risks factors relating to the Issuer**

##### **(a) Risks related to the organizational structure of the Issuer**

The Issuer is a holding company which acquired the control of RTE in December 2016. The Issuer conducts no business operations of its own, and has not engaged in, and will not be permitted to engage in, any activities other than the activities of a holding company and its only asset currently is its one hundred per cent. interest in RTE. The Issuer has no independent means of generating revenues.

Consequently, the Issuer will be substantially dependent upon payments from RTE to cover its expenses, and to repay the amount of interest and principal to be paid to the Bondholders pursuant to the terms and conditions of the Bonds.

To the extent that RTE is unable to distribute cash to its shareholders - including by reason of regulatory or administrative constraints (in particular those described in section 1.2 below) applicable to RTE and the vertically integrated undertaking to which it belongs, which could entail costs for RTE, cash distribution constraints and specific shareholder financing obligations for its shareholders - such a situation could have a material adverse effect on the financial condition or prospects of the Issuer. In

addition, RTE has a Euro Medium Term Note programme under which it has issued notes for an aggregate principal amount of around EUR 7,400,000,000 as at 31 December 2016. Investors in notes issued by RTE have a recourse against RTE, which investors in the Bonds do not benefit from. Investors in the Bonds are therefore structurally and economically subordinated to investors in notes issued by RTE.

- (b) No recourse against the shareholders or the subsidiaries of the Issuer

Each potential investor in the Bonds should be aware that the Bonds are not guaranteed by RTE, nor by the Issuer's shareholders, and that they do not have any recourse under the Bonds against RTE nor against the Issuer's shareholders.

- (c) Risks Relating to the Issuer's Indebtedness

The Issuer's substantial leverage and debt service obligations could adversely affect its ability to fulfil its obligations with respect to the Bonds.

The Issuer is, and following the issuance of the Bonds will continue to be, materially leveraged.

The degree to which the Issuer will be leveraged following the issuance of the Bonds could have important consequences to holders of the Bonds offered hereby, including, but not limited to:

- (i) making it difficult for it to satisfy its obligations with respect to the Bonds; and
- (ii) limiting its ability to borrow additional funds.

Any of these or other consequences or events could have a material adverse effect on the Issuer's ability to satisfy its debt obligations, including the Bonds.

## 1.2 Risk Factors relating to RTE and its Operations

### Risks associated with RTE's activities

***RTE operates facilities that may cause significant harm to the natural or human environment or for which accidents or external attacks may have serious consequences***

Regarding electricity transmission facilities, persons working in or near this type of facility may be exposed, in the event of an accident, error or negligence, to the risk of electrocution. RTE implements accident prevention and safety measures. However, RTE cannot guarantee that these measures will prove sufficient.

RTE implements measures both for accident prevention and repairs with respect to industrial accidents and harm to the environment caused by the facilities that it operates. Similarly, connection agreements for electricity production facilities (*conventions de raccordement des installations de production d'électricité*) oblige their owners and the operators to provide financial guarantees in the event of physical damage. However, RTE cannot guarantee that these measures will prove effective. The civil liability and damage insurance coverage taken out by RTE may be in some cases insufficient to avoid negative financial consequences.

In addition, French Decree no. 2011-1697 dated 1 December 2011 relating to the infrastructures of the public electricity networks requires that RTE develops and implements a control and monitoring programme of electromagnetic fields (as of 1 January 2012), and a technical inspection of its infrastructures, as from 2013. The cost of implementing these new requirements has yet to be determined.

Any one of these events or additional regulations may have material, negative consequences on RTE's activities, profits and financial situation.

***RTE's revenue is generated from activities subject to regulated tariffs, the level of which may have an impact on RTE's results***

Pursuant to Article L341-3 of the French Energy Code, the deliberation dated 17 November 2016 in relation to tariffs (*the Tarif d'Utilisation des Réseaux Publics de transport et de distribution d'électricité* ("TURPE")) for the period from August 2017 to July 2021 ("TURPE 5 Period") issued by the *Commission de Régulation de l'Energie* ("CRE") was published in the Official Journal of the French Republic (Journal officiel de la République française) on 28 January 2017.

The deliberations will become effective on 1 August 2017 for a period of four years (i.e. until end of July 2021). In accordance with Article L341-2 of the French Energy Code, tariffs for using the public transmission network are calculated in a non-discriminatory manner. Such calculation covers the total cost borne by RTE and includes those costs stemming from putting into practice its objectives and public service contracts which in turn guarantees RTE's solvency.

However, RTE cannot guarantee that the transmission tariffs will always be set or revised at a level which would allow it to improve or maintain its profitability margins and its rates of return on investments. This "regulation risk" could have a material negative impact on RTE's activities, profits and financial results. Nevertheless, during the TURPE 5 Period, the annual tariffs revisions will be revised (August 2018, August 2019 and August 2020) in such a manner so as to cover the total costs borne by RTE in accordance with Article L341-2 of the French Energy Code, as it was the case during the previous TURPEs applicable for the 2009 - 2013 period and 2013-2017 period.

***Risk related to incentive mechanisms***

The TURPE for the TURPE 5 Period contains the following incentive mechanisms: (i) a bonus / penalty system on supply quality based on two indicators, average outage duration and outage frequency, and which is limited to €45 million a year, (ii) an incentive mechanism on operating cost and investments not related to the public transmission network that enables RTE to retain, during the TURPE 5 Period, 100 per cent. of gains on operating and capital costs (compared on the basis of reference costs), (iii) a bonus/penalty scheme on new interconnection investments which provides for additional revenues to RTE if certain requirements are met (social welfare of the asset, building cost, completion time, commercial flows) and which was first applied in the context of the Piemont-Savoie interconnection project, (iv) a bonus/penalty scheme with a reference budget for investments over €30 million, (v) a bonus/penalty scheme on price and volume of grid losses, and (vi) an incentive regulation on balancing reserves. The incentive on electricity interruption duration and frequency lead to a bonus of €8 million in 2014, a penalty of €8 million in 2015 and a bonus of €15 million in 2016.

The incentive mechanisms in relation to the TURPE applicable for the TURPE 5 Period (as described above) should reduce the risk of a negative impact on RTE's financial results of the incentive mechanisms introduced in the context of the TURPE 3 applicable for the 2009-2013 period, as renewed in the context of TURPE for the period 2013-2017 and TURPE 5 Period. However, although RTE has put in place an efficient risk management policy, these incentive mechanisms may have a negative impact on RTE's financial results.

***RTE's activities require various administrative authorisations that may be difficult to obtain or whose grant may be subject to conditions that may become significantly more stringent***

The operation and/or development of RTE's industrial activities — transmission — requires various administrative authorisations, at local and national levels, both in France and abroad, as it is for example the case of the certification process RTE is currently going through following the change of its shareholding and associated governance modifications. The procedures for obtaining, maintaining and renewing these authorisations can be drawn out and complex. In order to comply with the requirements associated with obtaining, maintaining, complying with or renewing these authorisations, RTE may be required to pay significant amounts (for example, the costs of preparing the application for the authorisations or investments associated with installing equipment required before the authorisation can be issued) and, in the specific context of the ongoing certification process, to carry out changes in its organisation.



***RTE operates its transmission activities within the context of concessions governed by public law and must comply with increasingly restrictive environmental regulations***

RTE is the public transmission system operator according to standard concession specifications (*cahier des charges de la concession du réseau public de transport*) which are currently being developed in accordance with a concession agreement (*contrat de concession du réseau public de transport*) between the French State and RTE Réseau de transport d'électricité dated 30 October 2008. RTE cannot guarantee that these concession specifications will not change in the future to contain obligations that are more restrictive for RTE, in particular, obligations of a financial nature, than the obligations that are currently applicable.

In addition, new legislative or regulatory environmental requirements could lead to new obligations for RTE. For example, some provisions resulting from Law n°2015-992 dated 17 August 2015 relating to energy transition for green growth (*relative à la transition énergétique pour la croissance verte*) will either reduce RTE's turnover (an enlargement in favour of "electro-intensive" clients which applies from 1 January 2016 of the rebate), or make RTE be subject to new charges (interruptibility from the 1 April 2016). Furthermore, Law n°2013-1168 dated 18 December 2013 relating to military programme for the years 2014 to 2019 governing defence and national security (*relative à la programmation militaire pour les années 2014 à 2019 et portant diverses dispositions concernant la défense et la sécurité nationale*) will lead to new obligations for organisations of critical importance such as RTE.

RTE cannot guarantee that such more restrictive obligations will always be covered by the transmission tariff, without any impact on its financial situation. However, these costs ought to be covered by the transmission tariff according to Article L341-2 of the French Energy Code.

***RTE's failure to comply with any applicable environmental, health and safety laws and regulations may cause RTE to incur liability or other damages that it might be required to compensate***

RTE must comply with increasingly restrictive environmental and public health regulations that are the sources of costs.

RTE's activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive. RTE has made and will continue to make significant capital and other expenditures to comply with applicable environmental, health and safety regulations. RTE is continuously required to incur expenditures to ensure that the installations that it operates comply with applicable legal, regulatory and administrative requirements. These expenditures, which are evidenced in the Public Service Contract (see "Description of RTE"), mainly relate to the protection of the land and biodiversity, to the strengthening of cooperation with local authorities, the promotion of research and development activities and towards the ISO 14001 environmental certification which RTE obtained in 2002. Any of RTE's operations, moreover, may, in the future, become subject to stricter laws and regulations, and correspondingly greater compliance expenditures.

Such regulations could lead to potential liabilities if the related costs were not covered by the transmission tariff in spite of the principles resulting from Article L341-2 of the French Energy Code. Other current and future regulations in the environmental and health areas may also have a material financial impact on RTE.

***Widespread blackouts in France if they are attributable to RTE may have consequences for its activities and profits***

Italy, Great Britain, Denmark, Sweden and a large part of the United States and Canada experienced significant blackouts in 2003. The causes of these blackouts vary: local or regional imbalance between electricity generation and consumption, accidental interruption to the power supply, cascaded interruptions (more difficult to overcome in a market with cross border exchanges), interconnection problems at borders, lack of investment and difficulty in coordinating operators on an open market.

On 4 November 2006, following an incident in the German network, a significant breakdown in the electricity supply involved several European countries. Nevertheless, a European "blackout" was avoided and the electricity supply breakdown lasted less than one hour in France. Prior to this, the most recent event of this kind last occurred in France in 1978 where half of France suffered a power outage

for approximately four hours. Several incidents have occurred in the south-east area in the past where RTE had difficulties to obtain authorisations to build new lines, e.g. 3 November 2008 (power outage for 1.2 million consumers due to a thunderstorm), 31 July 2009 (power outage for 1.2 million consumers due to a forest fire), 21 December 2009 (power cut for 2 million consumers due to a technical incident). On 27 and 28 February 2010, about 20 substations and 80 lines were out of service for several hours, as a consequence of the Xynthia storm.

From 30 June to 4 July 2015, a heat wave in the North West of France caused damages to measurement transformers leading to power outages for about 80,000 consumers.

RTE may be, or may be found to be, responsible for a blackout.

These blackouts would first have an impact on RTE's income and may also result in repair costs incurred by disrupted customers.

Nevertheless, in some cases such blackouts may be recognised as being a consequence of a force majeure event which would limit RTE's responsibility.

***Natural disasters or major climatic unforeseen events could have a material negative impact on RTE's industrial and commercial activities***

In addition to climatic disasters, other natural disasters, such as floods, landslides and earthquakes can affect RTE's activities.

RTE has implemented measures, which allow it to limit the consequences should such events re-occurs. For example, following the storms of December 1999, a programme to secure the transmission network was implemented and will be achieved in 2017. Initially, following the heat wave in the summer of 2003, an "Unforeseen Climatic Events" plan was drawn up in order to anticipate and prevent the consequences of such events. Such measures can lead to costs in addition to those related to the cost of repairing the damage caused by the natural disaster and the loss of earnings corresponding to the interruption to supply.

RTE cannot guarantee that the occurrence of a natural disaster or a significant climatic unforeseen event that is difficult to predict will not have consequences as serious or even more material than the events described above on its activities and its financial situation. However, RTE is protected by law in relation to its contractual arrangements with the users of the transport network. By way of an example, the Transport Network Access Contract (*Contrat d'Accès au Réseau de Transport*), contains a *force majeure* clause which excludes the liability of RTE in the event of several situations as set out in the contract (natural catastrophes that fall within Law no. 82-600 dated 13 July 1982, atmospheric phenomena that are unstoppable owing to their cause and their magnitude to which electricity networks, and especially aerials, are particularly vulnerable, where at least 100,000 customers supplied by the public transport network and/or by the distribution networks are without electricity on the same day because of the same phenomenon). This *force majeure* clause, originally from the specifications of the public transport network concession, thus allowed RTE to exclude civil liability in the case of the storms of December 1999.

Furthermore, in the case of a long power outage, RTE must offer its customers a standard deduction of 2 per cent. of the fixed part of the tariff for every block of 6 hours of power outage in accordance with the Transport Network Access Contract.

***Certain assets of RTE do not have the benefit of any insurance against damage***

RTE does not have the benefit of any insurance against damage for certain of its assets, i.e. the overhead transmission lines (the exact proportion of which cannot be determined) of which it is the owner. Any damage to these overhead lines could have a negative impact on RTE's financial situation. The other assets of RTE (cables, substation, transformers and business premises) are covered by an insurance against damage.

### ***Risks associated with climatic conditions***

Electricity consumption, and thus the volume of electricity transported by RTE, depends to some extent on climatic conditions. Accordingly, mild winters (where less heating is required) or cool summers (where there is reduced demand for air conditioning) result in decreased demand for electricity. RTE's annual results may therefore be temporarily affected by significant climatic variations. RTE's operating profits also reflect the seasonal character of demand for electricity, which is typically higher during the coldest months and when the nights are longer. However, any loss of earnings resulting from the difference between forecast and actual transmitted electricity volumes will be reflected in the "account to regulate costs and revenues" (*Compte de Régulation des Charges et des Produits*, or "**CRCP**") aimed at offsetting the impact of external factors on the network operators' costs and revenues that cannot be fully controlled by the network operators. Depending on whether or not the balance is positive or negative, it will be offset by decreases or increases in the costs to be recovered by the TURPE over the following years.

### ***RTE's activities fluctuate in accordance with economic cycles and general economic conditions***

RTE's activities fluctuate in accordance with the economic cycles and general economic conditions of the geographical regions in which it operates, particularly in France. Any economic slowdown in these regions would lead to a reduction in energy consumption, and, consequently, would have a negative impact on the demand for electricity which in turn could have a temporary adverse effect on RTE's activities, profits and prospects. However, RTE believes that it is in a relatively favourable position compared to other economic players, particularly due to the need for, and in certain cases, the difficulty in finding, a viable alternative to electricity and due to its role as a publicly owned utility governed by law that guarantees the continuity of its activities at all times. However, any loss of earnings resulting from the difference between forecast and actual transmitted electricity volumes will be reflected in the CRCP. Depending on whether or not the balance is positive or negative, it will be offset by decreases or increases in the costs to be recovered by the TURPE over the following years.

### ***The occurrence of work-related illnesses and accidents cannot be excluded***

Although RTE considers that it is substantially compliant with the laws and regulations concerning health and safety in the different countries in which it operates, and has taken measures intended to ensure the health and safety of its employees and those of its subcontractors, the risk of work-related illnesses and accidents cannot be excluded. The occurrence of work-related illnesses or accidents may lead to lawsuits against RTE and the payment of damages, which may prove material.

### ***RTE is exposed to financial risks***

In the course of its activities, RTE is potentially exposed to financial risks:

- interest rate risk: the RTE Group (as defined in "Description of RTE" below) is exposed to an interest rate risk on its financial indebtedness;
- liquidity risk: low market liquidity can affect RTE's access to financing sources, making the cost of resources excessive although the liquidity risk is limited by RTE's existing financing agreements;
- counterparty risk: counterparty risk is defined as the total loss that the RTE Group would sustain on its business and market transactions if a counterparty defaults and fails to perform its contractual obligations. The main potential counterparty risks for the RTE Group concern cash and cash equivalents, trade receivables, negotiable debt instruments, short-term investments and derivative financial instruments. The monitoring and reporting procedures applied by RTE in connection with its exposure to counterparty risk were strengthened in 2008 following, in particular the bankruptcy of Lehman Brothers, which had however no impact on RTE.

RTE cannot guarantee total protection, including in the event of significant movements in exchange rates and in interest rates. However, the interest rate risk is mitigated by the high proportion of fixed rate bonds in its debt liability portfolio.

### ***Risks associated with the opening up of the European energy markets***

The revenues of RTE that arise from the auction of rights of use of interconnection capacities are likely to be affected by changes in the electricity market. In particular, any variation resulting from the difference between forecast and actual auction revenues may temporarily affect RTE's financial situation. However, those variations will be reflected in the CRCP when these revenues deviate from the initial projections which were used to set the transmission tariffs.

The cost of electricity, purchased by RTE to compensate for technical losses on the transmission network, depends on its market price and on the effects of new regulatory measures such as the possibility from 2014 to buy nuclear power at a regulated price under the Regulated Access to Historical Nuclear Energy scheme known as "ARENH" – *Accès Régulé au Nucléaire Historique*, and the creation in 2017 of a capacity mechanism (*mécanisme de capacité*). Both provisions result from the Act on New organisation of the Electricity Market (known as "NOME" – *Nouvelle Organisation du Marché de l'Electricité*) enacted on 7 December 2010 and codified in the French Energy Code. The access to ARENH could lead to a reduction of the cost of losses purchase, whereas the contribution of losses to the capacity mechanism should lead to a cost increase. The manner in which ancillary services are acquired may also be modified and based on a market price after 2016. However, these costs ought to be covered by the transmission tariff according to Article L341-2 of the French Energy Code, either via the abovementioned "CRCP" account, or via the TURPE applicable as from 2017.

RTE also contributes to a mechanism providing for financial compensation to managers of the European transmission system operators, which aims to cover the cost of the European transmission networks required by cross-border transits of electricity. The TURPE is intended to cover the charges that RTE bears in relation to this mechanism. The size of the infrastructure fund corresponding to this mechanism is currently under review by the Agency for the Cooperation of Energy regulators which could lead to a revision decision by the European Commission. Such modification could lead to potential profits or liabilities for RTE if the related costs are not covered by the transmission tariff despite the principles resulting from Article L341-2 of the French Energy Code.

### ***Risks relating to the structure and changes within RTE***

Until 23 December 2016, RTE Réseau de transport d'électricité was a wholly owned direct subsidiary of EDF.

On 14 December 2016, EDF, Caisse des Dépôts et Consignations and CNP Assurances entered into a binding agreement setting the terms and conditions of the acquisition by Caisse des Dépôts et Consignations and CNP Assurances of a 49.9% indirect stake in RTE Réseau de transport d'électricité (respectively 29.9% for Caisse des Dépôts et Consignations and 20.0% for CNP Assurances), as well as the modalities of a long-term partnership to foster the development of RTE Réseau de transport d'électricité and strengthen its public service remit (the "**RTE Acquisition and Partnership Agreement**").

The RTE Acquisition and Partnership Agreement provided that the reorganisation of the shareholding structure of RTE Réseau de transport d'électricité would occur on the basis of the following two-step approach:

- step 1: transfer by EDF of 100% of the shares in RTE Réseau de transport d'électricité to CTE (which occurred on 23 December 2016 and was partly financed with external debt); and
- step 2: acquisition by Caisse des Dépôts et Consignations and CNP Assurances of a combined 49.9% stake in CTE (29.9% by Caisse des Dépôts et Consignations and 20.0% by CNP Assurances). This acquisition took place on 31 March 2017 (following approval from the relevant merger control authorities).

As a result of the above, RTE Réseau de transport d'électricité is now a wholly owned subsidiary of CTE, which is held by EDF (50.1% of the share capital), Caisse des Dépôts et Consignations (29.9% of the share capital) and CNP Assurances (20.0% of the share capital) since 31 March 2017. On 3 April 2017, Standard & Poor's Credit Market Services Europe Limited Credit Market Services France S.A.S. lowered from "A+" to "A" (with stable outlook) the long-term corporate credit rating on RTE Réseau

de transport d'électricité as a result of the reorganisation of the shareholding structure of RTE Réseau de transport d'électricité as described above.

RTE cannot guarantee that it will remain a subsidiary of EDF. However, legislation requires that RTE must be wholly-owned by EDF, the French State and/or any other body or company belonging to the public sector.

#### ***Risks relating to information systems***

RTE 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 RTE.

In addition, the risk of cyber-attack cannot be excluded and could also have material, negative consequences for RTE. From 20 to 25 November 2012, the corporate web sites and mail servers hosted by the service providers of one of the German Transmission System Operators experienced a cyber-attack, although this did not create a threat to the security of supply. RTE cannot guarantee that, despite specific protection measures and security monitoring it continually improves to respond quickly and limit the impact of a possible attack, such event will never have an impact on its activity.

Finally, as a general matter, RTE cannot guarantee that the policy of reinforcing information back-up systems will not meet with technical difficulties and/or delays in implementation, which could, in the event of a serious incident, have a material, negative impact on the activity, and even, in some cases, on the financial results and the financial position of RTE.

#### ***RTE will also be required to renew much of its workforce and transfer experience and skills to new employees***

A large number of RTE's employees will soon be of retirement age. The renewal of this workforce brings with some difficulties:

- for some types of jobs, skills could be hard to find on the labour market, and training resources must be redeveloped for electricity transmission graduates and professionals; and
- the experience gained forms an important part of the skills which will need to be transferred.

RTE cannot guarantee that it will be able to renew these staff and skills in time or under satisfactory conditions, which may have an impact on its transmission capacity, quality of service and productivity.

#### ***RTE may be required to satisfy significant obligations related to pensions and other employee benefits***

In France, the financing of the pension system for the electricity and gas industries was reformed by French law no. 2004-803 dated 9 August 2004 (the "**Law dated 9 August 2004**").

The transmission tariff takes into account the reform of the financing of the IEG (*Industries Electriques et Gazières*) pension system. For regulated activities (electricity transmission and distribution), the part of the pension expenses related to the past specific right (rights under the special IEG pension system not covered by the general system and gained before 31 December 2004) which was, formerly covered by the TURPE, is now financed by a delivery tariff contribution that is distinct from the actual tariff (see "Description of RTE").

Under this reform, RTE remains responsible for the financing of future specific rights (i.e., accrued since 1 January 2005) relating to RTE's employees.

Furthermore, the Law dated 9 August 2004 imposed joint and several liability among the companies in the IEG branch with regard to financing the specific rights for which they are responsible. In the event that one company in the IEG branch fails to pay, RTE may be forced to finance a portion of the obligations of such company. This may also have a negative impact on the financial situation and the financial results of RTE.

The pension system described above involves commitments to pay benefits to the RTE Group's employees. The amounts of these commitments, the provisions booked are estimated on the basis of certain actuarial assumptions, including a discount rate subject to adjustment depending on market conditions; the rules governing retirement benefits paid out by the general retirement scheme; and amounts owed by the RTE Group. These assumptions and rules may be adjusted in the future, which could increase the RTE Group's current commitments for pensions and other employee benefits and, therefore, require a corresponding increase in provisions.

## **2. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH BONDS**

### **2.1 Risks related to investors**

- (a) The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds 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 in light of such investor's own circumstances, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds 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 Bonds and the impact such investment 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 Bonds, including where the currency for principal and interest payments is different from the potential investors' currency or where the currency for principal and interest is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Bonds;
- (v) be familiar with the behaviour of financial markets; and
- (vi) 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 relevant risks.

- (b) Legal investment considerations may restrict certain investments.

Some potential investors are subject to restricting investment regulations. These potential investors are strongly advised to consult their legal counsel in order to comply with the law and regulations that are applicable to it including those detailed in this Prospectus and in order to determine whether investment in the Bonds is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them.

- (c) Independent review and advice

Each potential investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds 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 Bonds.

Each potential investor should consult its own advisers as to legal, tax and related aspects of an investment in the Bonds. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Bonds or to the other matters referred to above.

(d) **Legality of Purchase**

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

(e) **Taxation**

Potential purchasers and sellers of the Bonds 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 Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for the Bonds. 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 Bonds. Only these advisers are in a position to duly consider the specific situation of the potential investor. This risk factor has to be read in connection with the taxation sections of this Prospectus and in the additional tax sections, if any, contained in any relevant supplement to the Prospectus.

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

A Bondholder's effective yield on the Bonds may be diminished by the tax impact on that Bondholder of its investment in the Bonds. A Bondholder's actual yield on the Bonds may be reduced from the stated yield by transaction costs.

**2.2 Risks relating to the structure of the Bonds**

(a) **The Bonds may be redeemed or purchased by the Issuer prior to maturity**

In the event that the Issuer would be obliged to pay additional amounts in respect of any Bonds due to any withholding as provided in "Terms and Conditions of the Bonds – Taxation", the Issuer may and, in certain circumstances shall, redeem all of the Bonds then outstanding in accordance with such Terms and Conditions.

In addition, the Issuer may choose to redeem (i) all but not some only of the outstanding 2024 Bonds, 2028 Bonds and/or 2032 Bonds on any date from and including the date falling three (3) months before the relevant Maturity Date but excluding such Maturity Date on any such date under a residual maturity call option as provided in Condition 4.6 (*Residual Maturity Call Option*) of the Terms and Conditions of the Bonds, and (ii) all or any of the outstanding 2024 Bonds, 2028 Bonds and/or 2032 Bonds at any time at their applicable Make-Whole Redemption Amount as provided in Condition 4.3 (*Make-Whole Redemption*) of the Terms and Conditions of the Bonds, at times when prevailing interest rates may be relatively low.

In the event that the Issuer chooses to redeem some only of the outstanding 2024 Bonds, 2028 Bonds and/or 2032 Bonds under the make-whole call option described above, any trading market in respect of such 2024 Bonds, 2028 Bonds and/or 2032 Bonds in respect of which such call option is not exercised may become illiquid.

Furthermore, if 80 per cent. or more in principal amount of the 2024 Bonds, 2028 Bonds and/or 2032 Bonds (including any bonds assimilated to such 2024 Bonds, 2028 Bonds and/or 2032 Bonds issued pursuant to Condition 11 (*Further issues*) of the Terms and Conditions of the Bonds) have been redeemed or purchased and cancelled, the Issuer will have the option to redeem all (but not some only) of the remaining 2024 Bonds, 2028 Bonds and/or 2032 Bonds outstanding at their principal amount together with any accrued interest as provided in Condition 4.5 (*Squeeze-Out Redemption*) of the Terms and Conditions of the Bonds.

With respect to the Issuer's squeeze-out call option provided in Condition 4.5 (*Squeeze-Out Redemption*), there is no obligation on the Issuer to inform investors if and when 80 per cent. or more of the aggregate principal amount of the relevant Bonds have been redeemed or are about to be redeemed, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of such option by the Issuer, the relevant Bonds may have been trading significantly above par, thus potentially resulting in a loss.

Further, if an Event of Default occurred and has not been cured, as provided in "Terms and Conditions of the Bonds – Events of Default", the Representative (as defined in Condition 8 (*Representation of the bondholders*) of the Terms and Conditions), upon request of any Bondholder, may cause all the Bonds (but not some only) held by such Bondholder to become immediately due and payable in accordance with such Terms and Conditions.

During any period when the 2024 Bonds, 2028 Bonds and/or 2032 Bonds are to be redeemed, such Bonds may feature a market value not substantially above the price at which they can be redeemed. If the market interest rates decrease, the risk to Bondholders that the Issuer will exercise its right of early redemption increases. As a consequence, the yields received upon such early redemption may be lower than expected, and the redeemed face amount of the relevant Bonds may be lower than the purchase price paid for such Bonds by the Bondholder where the purchase price was above par. As a consequence, part of the capital invested by the Bondholder may be lost, so that the Bondholder in such case would not receive the total amount of the capital invested. However, the redeemed face amount of the relevant Bonds may not be below par. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than such redeemed Bonds. Prospective investors should consider reinvestment risk in light of other investments available at that time.

(b) Change of Control - put option

In the event of a Change of Control of the Issuer (as more fully described in "Terms and Conditions of the Bonds - Redemption following a Change of Control"), each Bondholder will have the right to request the Issuer to redeem or, at the Issuer's option, procure the purchase of all, but not some only, of its Bonds at their principal amount together with any accrued interest.

Investors shall be aware that the exercise of the put option is dependent on the credit rating assigned to the Issuer following the occurrence of a Change of Control (as more fully described in "Terms and Conditions of the Bonds – Redemption following a Change of Control") and that even if a withdrawal, downgrade or reduction of such credit rating occurs in respect of such Change of Control, such put option could not be exercised if, within the Change of Control Period (as defined in "Terms and Conditions of the Bonds – Redemption following a Change of Control"), the credit rating previously assigned to the Issuer is reinstated or upgraded.

In such case, any trading market in respect of those Bonds in respect of which such redemption right is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Bonds.

(c) The Bonds are not protected by restrictive covenants and do not prevent the Issuer from incurring additional indebtedness including indebtedness that would rank equally with the Bonds.

The Terms and Conditions of the Bonds 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 other bonds or similar debt instruments which are listed or capable of being listed. See "Terms and



Conditions of the Bonds – Negative Pledge". The Terms and Conditions of the Bonds do not contain any other covenants restricting the operations of the Issuer.

Subject to this negative pledge, the Issuer and its subsidiaries may incur significant additional debt that could be considered before or rank equally with the Bonds. Accordingly, if the Issuer incurs significant additional debt ranking equally with the Bonds, it will increase the number of claims that would be entitled to share rateably with the Bondholders in any proceeds distributed in connection with an insolvency, bankruptcy or similar proceeding.

(d) Sale of the Bonds prior to maturity

The financial terms of the Bonds were determined with a view to holding the Bonds until their maturity. As a result, if a Bondholder sells the Bonds any time before such date, the sale may occur at a price that is not equal to the nominal value of the Bonds.

## 2.3 General risks related to the Bonds

(a) Modification of the Terms and Conditions of the Bonds

Bondholders of each series will be grouped automatically for the defence of their common interests in a single Masse, as defined in "Terms and Conditions of the Bonds - Representation of the Bondholders", and a general meeting of Bondholders of a series can be held. The Terms and Conditions of the Bonds permit in certain cases defined majorities to bind all Bondholders of a series including Bondholders who did not attend and vote at the relevant general meeting and Bondholders who voted in a manner contrary to the majority.

The general meeting of Bondholders of a series may, subject to the provisions set out in "Terms and Conditions of the Bonds - Representation of the Bondholders", deliberate on any proposal relating to the modification of the Terms and Conditions of the Bonds of such series, including on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were subject of judicial decisions.

(b) Rating

The Issuer is rated A- and the Bonds are rated BBB+ by Standard & Poor's Credit Market Services Europe Limited. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time.

The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those arising from the Bonds. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Bonds.

(c) Transactions on the Bonds could be subject to the European financial transaction tax, if adopted

On 14 February 2013, the European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds 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.

During the last Ecofin meeting on 6 December 2016, Finance EU Ministers indicated that the Members States will continue the discussions in relation to the FTT in January with a view to reaching an agreement by mid-2017.

However, the FTT proposal remains subject to negotiation between the Participating Member States (excluding Estonia) and is the subject of legal challenge. The scope of FTT is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

(d) 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 an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), a safeguard procedure (*procédure de sauvegarde*) 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 Bonds), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or draft 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 Bondholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Bondholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Bonds) 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 which have cast a vote at such Assembly). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Bondholders described in Condition 8 will not be applicable to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

(e) Change of law

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

## 2.4 Risks related to the market generally

### (a) An active trading market for the Bonds may not develop

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application have been made for the Bonds to be admitted to listing on Euronext Paris, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

An investment in the Bonds should be considered primarily with a view to holding them until their maturity. The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds.

### (b) Market value of the Bonds

The market value of the Bonds will be affected by the creditworthiness of the Issuer and a number of additional factors, including market interest and yield rates.

The value of the Bonds 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 exchange on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

### (c) Credit Risk of the Issuer

The value of the Bonds will depend on the creditworthiness of the Issuer. If the creditworthiness of the Issuer deteriorates, the value of the Bonds may decrease and investors may lose all or part of their investment.

### (d) Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds 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 Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

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.

### (e) Interest rate risks

The Bonds bearing interest at a fixed rate, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

### (f) The actual yield of the Bonds may be reduced by transaction costs

When the Bonds are purchased or sold, several types of incidental costs are incurred in addition to the current price of the Bonds (including transaction fees, commissions and any additional or follow-up

costs in connection with the purchase, custody or sale of the Bonds) which may significantly reduce or even exclude the potential profit of the Bonds.

(g) Interests of natural and legal persons involved in the issue

The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with the Issuer and its affiliates and/or grant, and may in the future grant, loans to the Issuer and its affiliates, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Some of the Joint Lead Managers and their affiliates are involved in financing initiatives relating to the Issuer and notably in the bridge loan referred to in section “*Use of Proceeds*” of this Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents all of which are incorporated by reference in the Prospectus and which the Issuer has filed with the AMF:

- (a) the 2016 *Rapport de gestion - Comptes consolidés*, in French, which contains the audited consolidated annual financial statements of RTE for the financial year ended 31 December 2016 and the related statutory auditors' report (the "**2016 Financial Report**"); and
- (b) the 2015 *Rapport de gestion - Comptes consolidés*, in French, which contains the audited consolidated annual financial statements of RTE for the financial year ended 31 December 2015 and the related statutory auditors' report (the "**2015 Financial Report**").

Such documents shall be deemed to be incorporated in, and form part, of this Prospectus, save that any statement contained in this Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus and copies of the documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer, at the office of the Paying Agent and the website of RTE ([www.rte-france.com](http://www.rte-france.com)).

The free English translations of the 2015 Financial Report and the 2016 Financial Report are available on, and may be obtained without charge from, the website of RTE ([www.rte-france.com](http://www.rte-france.com)).

The information incorporated by reference in this Prospectus is set out in the following cross-reference table:



## TERMS AND CONDITIONS OF THE 2024 BONDS

*The terms and conditions of the 2024 Bonds will be as follows:*

The issue outside the Republic of France of €500,000,000 0.875 per cent. Bonds due 29 September 2024 (the "**Bonds**") by Coentreprise de Transport d'Électricité (formerly known as Société C25 before 1 June 2017) ("**CTE**" or the "**Issuer**") was authorised pursuant to a resolution of the board of directors (*Conseil d'administration*) of the Issuer dated 15 May 2017 and a decision of Xavier Girre, Françoise Tauzinat and Nicolas Monnier, members of the Board of Directors (*Conseil d'administration*) of the Issuer dated 22 June 2017.

The Issuer will enter into an agency agreement (the "**Agency Agreement**") to be dated 26 June 2017 with Société Générale as fiscal agent, principal paying agent, paying agents and calculation agent. The fiscal agent, principal paying agent, paying agents and calculation agent 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) and the "**Calculation Agent**", respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the "**Agents**". Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents.

References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, "**holder of Bonds**", "**holder of any Bond**" or "**Bondholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such Bonds.

### 1. **FORM, DENOMINATION AND TITLE**

The Bonds will be issued on 29 June 2017 (the "**Issue Date**") in dematerialised bearer form (*au porteur*) in the denomination of €100,000 per Bond. Title to the Bonds will be established and evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* 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 Bonds.

The Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purposes of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

Title to the Bonds shall be evidenced by entries in the books of Account Holders and transfer of Bonds may only be effected through registration of the transfer in such books and in denominations of €100,000.

### 2. **STATUS AND NEGATIVE PLEDGE**

#### 2.1 **Status of the Bonds**

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional, unsecured (subject as provided in "Negative Pledge" below) and unsubordinated obligations of the Issuer 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.

#### 2.2 **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined below), the Issuer will not create or permit to subsist any Security Interest upon the whole or any part of the Issuer's present or future undertaking, assets or revenues to secure any Relevant Indebtedness unless, at the same time or prior thereto, the

Issuer's obligations under the Bonds are (a) equally and rateably secured therewith or (b) have the benefit of such other security or other arrangement in substantially comparable terms thereto.

For the purpose of this Condition 2:

**"Relevant Indebtedness"** means any monies borrowed and any indebtedness of the Issuer and/or RTE which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

**"outstanding"** means, in relation to the Bonds, all the Bonds issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Bonds 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.

**"Security Interest"** means any mortgage, charge, pledge or other security interest (*sûreté réelle*) securing any obligation of any person.

### 3. **INTEREST**

The Bonds will bear interest from, and including, 29 June 2017 (the **"Interest Commencement Date"**) to, but excluding, the Maturity Date (as defined in Condition 4.1), at the rate of 0.875 per cent. per annum (calculated on the principal amount of the Bonds), payable in arrear on 29 September in each year (each an **"Interest Payment Date"**), commencing on 29 September 2018. The period commencing on and including the Interest Commencement 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"**. There will be a first long Interest Period from and including the Interest Commencement Date to but excluding the first Interest Payment Date.

Where interest is to be calculated in respect of any period (the **"Calculation Period"**), the day-count fraction used will be the Actual/Actual-ICMA method as follows:

- (a) if such Calculation Period falls within a single Regular Interest Period, the actual number of calendar days in such Calculation Period divided by the number of calendar days in the Regular Interest Period in which it falls; and
- (b) if such Calculation Period does not fall within a single Regular Interest Period, the sum of (x) the actual number of calendar days in such Calculation Period falling in the Regular Interest Period in which it begins divided by the actual number of calendar days in that Regular Interest Period and (y) the actual number of calendar days in such Calculation Period falling in the subsequent Regular Interest Period divided by the actual number of calendar days in the subsequent Regular Interest Period.

where:

**"Regular Interest Period"** means the period from (and including) 29 September in any year to (but excluding) 29 September in the following year.

Each Bond will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of the Bond is improperly withheld or refused on such due date. In such event, such Bond shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day after the Fiscal Agent has notified Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all Bonds up to that day (except if and to the extent the subsequent payment to the relevant Bondholders is not made in accordance with these Conditions).



Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

#### 4. REDEMPTION AND PURCHASE

The Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

##### 4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their principal amount (i.e. €100,000 per Bond) on the Interest Payment Date falling on 29 September 2024 (the "**Maturity Date**").

##### 4.2 Redemption for Taxation Reasons

- (a) If, by reason of change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 calendar days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Bonds at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (b) If the Issuer would on the next payment of principal or interest in respect of the Bonds, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the Bondholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Bondholders in accordance with Condition 9, redeem all, but not some only, of the Bonds then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

##### 4.3 Make-whole Redemption

- (a) The Issuer may on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders, redeem the Bonds, in whole or in part, at any time or from time to time, prior to their Maturity Date (a "**Make-Whole Redemption Date**"). Any such redemption of Bonds shall be made on the Make-Whole Redemption Date at their Make-Whole Redemption Amount (as defined below).
- (b) In the case of a partial redemption of the Bonds pursuant to this Condition 4.3, the redemption will be effected either (i) by redeeming in full some only of such Bonds and the choice between those Bonds that will be fully redeemed and those Bonds that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier*, or (ii) by reducing the principal amount of the Bonds in proportion to the aggregate principal amount redeemed, in each case subject to compliance with any other applicable laws and regulated market or other stock exchange requirements.
- (c) So long as the Bonds are listed and admitted to trading on any stock exchange and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Bonds, cause to be published in accordance with the relevant rules of such stock exchange, a notice specifying the aggregate principal amount of Bonds outstanding and, as the case may be, the principal amount of each Bond outstanding.

(d) For the purposes of this Condition 4.3:

**"Make-Whole Redemption Amount"** means an amount in Euro determined by the Calculation Agent, equal to the greater of (x) 100 per cent. of the principal amount of such Bond and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Bond (excluding any interest accrued on such Bond to, but excluding, the relevant Make-Whole Redemption Date) discounted to such Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin, plus, in each case, any interest accrued on such Bond to, but excluding, such Make-Whole Redemption Date.

**"Make-Whole Redemption Margin"** means 0.15 per cent.

**"Make-Whole Redemption Rate"** means the average, calculated by the Calculation Agent, of the four (4) quotations obtained by the Calculation Agent from the Reference Banks of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date at 11:00 a.m. (Central European time (CET)). If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent in its reasonable judgment, at 11:00 a.m. (Central European time (CET)) on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 9. The Make-Whole Redemption Rate will be notified by the Issuer in accordance with Condition 9.

**"Reference Bank"** means each of the four banks that may have been selected by the Calculation Agent (excluding the Calculation Agent and any of its affiliates) which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**"Reference Benchmark Security"** means the German government bond bearing interest at a rate of 1.000 per cent. due August 2024, with ISIN DE0001102366.

**"Similar Security"** means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be used, 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 Bonds.

#### 4.4 **Early Redemption of the Bonds at the option of the Bondholders following a Change of Control**

If at any time while any of the Bonds remains outstanding (A) a Change of Control occurs and (B) within the Restructuring Period, a Rating Downgrade in respect of that Change of Control occurs (such Change of Control and Rating Downgrade not having been cured prior to the expiry of the Restructuring Period, together called a **"Put Event"**), each Bondholder will have the option (the **"Put Option"**) (unless, prior to the giving of the Put Event Notice referred to below, the Issuer has given notice of any early redemption in respect of the Bonds) to require the Issuer to redeem or, at the Issuer's option, procure the purchase of that Bondholder's Bonds on the Optional Redemption Date (as defined below). Each Bond shall be redeemed or purchased at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Bondholders in accordance with Condition 9, with a copy to the Fiscal Agent, specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, a Bondholder must give notice to the relevant Account Holder, with a copy to the Fiscal Agent in or substantially in the form set out in the Agency Agreement, duly completed and signed on its behalf (the **"Put Notice"**), on any Business Day falling within the period of forty-five (45) calendar days after a Put Event Notice is given (the **"Put Period"**).

The form of the Put Notice shall be available from the Fiscal Agent. Payment in respect of such Bonds will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Notice. A Put Notice once given shall be irrevocable. The Issuer shall redeem or, at its option, procure the purchase of the relevant Bonds on the Optional Redemption Date unless previously redeemed or purchased. For the avoidance of doubt, the Issuer shall have no responsibility for any breakage costs which the Bondholder may incur as a result of or in connection with such Bondholder'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). The Issuer shall be responsible for any administrative costs e.g. notices etc. arising as a result of in connection with any Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option.

For the purposes of this Condition 4:

A "**Change of Control**" shall be deemed to have occurred, each time the following events occurs: (i) 50% or more of the share capital and/or voting rights of the Issuer is owned by one or more persons other than EDF and/or CDC and/or CNP Assurances, and/or (ii) the Issuer ceases to own directly 100% of the share capital and/or voting rights of RTE (except in the case where the Issuer and RTE are merged).

"**CDC**" means la Caisse des Dépôts et Consignations, a special public institution (*établissement spécial*) created by the Act of 28 April 1816, codified at Articles L. 518-2 *et seq.* of the French *Code monétaire et financier*, and located at 56, rue de Lille, 75007 Paris, France.

"**CNP Assurances**" means a *société anonyme* having its registered office at 4 place Raoul Dautry - 75015 Paris, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 341 737 062.

"**EDF**" means Electricité de France, a *société anonyme*, having its registered office at 22-30, avenue de Wagram 75382 Paris cedex 08, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 552 081 317.

"**Optional Redemption Date**" means the fifth (5th) Business Day after the expiry of the Put Period.

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited and its successors, or any other rating agency of equivalent standing notified by the Issuer to the Bondholders in accordance with Condition 9.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (A) if (within the Restructuring Period) the rating previously assigned to the Bonds or to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (BBB- or its equivalent for the time being, or better) to a non-investment grade rating (BB+ or its equivalent for the time being, or worse) or (z) if the rating previously assigned to the Bonds or to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents), and (B) such rating is not within the Restructuring Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency, provided that the Rating Agency making the reduction or withdrawal in rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer and the Fiscal Agent in writing, that the lowering or withdrawal was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Downgrade).

"**Restructuring Period**" means the period beginning ninety (90) calendar days prior to, and ending ninety (90) calendar days after, the date of the public announcement by the entity concerned of the completion of the relevant Change of Control.

For the purposes of these Conditions, "**RTE**" means RTE Réseau de transport d'électricité, a *société anonyme à directoire et conseil de surveillance* incorporated and existing under the laws of France,

having its registered office at Tour Initiale, 1 Terrasse Bellini TSA 41000, 92919 La Défense Cedex, France, and registered under number 444 619 258 at the *Registre du Commerce et des Sociétés* of Nanterre.

#### 4.5 **Squeeze-Out Redemption**

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased and cancelled, the Issuer may, subject to having given not less than 30 nor more than 60 calendar days' prior notice to the Bondholders (such notice being irrevocable) in accordance with Condition 9, redeem on a date to be specified in such notice (the "**Squeeze Out Redemption Date**"), at its option, all (but not some only) of the remaining Bonds at their principal amount, together with interest accrued to but excluding the Squeeze Out Redemption Date. However, such option shall only be exercised at least twelve (12) months after a redemption at the option of the Issuer in accordance with Condition 4.3 has occurred.

#### 4.6 **Residual Maturity Call Option**

The Issuer may, on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders redeem, at any time as from and including 3 months to but excluding the Maturity Date, the Bonds, in whole (but not some only), at their principal amount together with interest accrued to, but excluding, the date fixed for redemption.

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

#### 4.7 **Purchases**

The Issuer may at any time purchase Bonds together with rights to interest relating thereto in the open market or otherwise at any price. Any Bonds so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Bonds in accordance with applicable laws and regulations.

#### 4.8 **Cancellation**

All Bonds which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

### 5. **PAYMENTS**

#### 5.1 **Method of Payment**

Payments of principal, interest and other amounts in respect of the Bonds will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Bondholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the Bondholders in respect of such payments.

#### 5.2 **Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any Bond is not a TARGET business day, then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment.

"**TARGET business day**" means a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) is operating.

### 5.3 **Fiscal Agent, Paying Agents and Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

#### **FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**Société Générale**  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 03  
France

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and/or appoint other Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Bondholders by the Issuer in accordance with Condition 9.

### 6. **TAXATION**

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

If any French law or regulation should require that any payment of principal, interest or other revenues in respect of the Bonds be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Bondholders, after such deduction or withholding, receive the full amount provided in such Bonds to be 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 Bond to a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Bond by reason of his having some connection with France other than the mere holding of such Bond.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

### 7. **EVENTS OF DEFAULT**

If any of the following events (each an "**Event of Default**") occurs, the Representative (as defined in Condition 8), upon request of any Bondholder, may, upon written notice to the Fiscal Agent (with a copy to the Issuer) given before all defaults shall have been cured, cause all the Bonds (but not some only) held by such Bondholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (a) the Issuer defaults in any payment when due on any amount on any Bond (including any additional amounts as specified in Condition 6), if such default continues for a period of more than 15 calendar days from such due date; or

- (b) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of such default; or
- (c) (i) any Indebtedness (as defined below) of the Issuer or RTE (being Indebtedness having an outstanding aggregate principal amount in excess of €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, (ii) any Indebtedness of the Issuer or RTE (being Indebtedness having an outstanding aggregate principal amount in excess of €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 the relevant grace period or (iii) the Issuer or RTE 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 €50,000,000 or its equivalent in any other currency) unless, in each case, the Issuer or RTE is contesting in good faith its obligations to make payment or repayment of such amount; or
- (d) a judgment is issued for judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business of the Issuer or RTE (*cession totale de l'entreprise à la suite d'un plan de cession*), or the Issuer or of RTE is subject to proceedings to the same effect, or in the absence of legal proceedings the Issuer or RTE makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

The occurrence of any Event of Default must be notified to the Bondholders by a publication in accordance with the provisions of Condition 9.

For the purpose of this Condition 7, "**Indebtedness**" means (i) any monies borrowed and any indebtedness which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), and (ii) any indebtedness which is in the form of or represented by any bank loan.

## 8. REPRESENTATION OF THE BONDHOLDERS

The Bondholders will be grouped automatically for the defence of their common interest in a single masse (the "**Masse**"). The *Masse* will be governed by the provisions of articles L.228-46 *et seq.* of the French *Code de commerce* (the "**Code**") with the exception of articles L.228-48, L.228-59, L.228-65 II, L.228-71, L.228-72, R.228-63, R.228-67, R.228-69, R.228-72 and R.228-79 of the Code and 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 Bondholders (the "**General Meeting**").
- (b) The Masse alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now, or in the future, may accrue respectively with respect to the Bonds.
- (c) **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 their employees as well as their ascendants, descendants and spouse; or

- (iii) companies holding ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) 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 Representative shall be Massquote S.A.S.U., represented by its Chairman:

MASSQUOTE S.A.S.U.  
RCS 529 065 880 Nanterre  
7bis rue de Neuilly  
F-92110 Clichy  
Mailing address :  
33, rue Anna Jacquin  
92100 Boulogne Billancourt  
France

Alternate:

Gilbert Labachotte  
8 Boulevard Jourdan  
75014 Paris

The Issuer shall pay to the Representative an amount equal to €400 *per annum*, payable on each Interest Payment Date with the first payment at the Issue Date.

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

- (d) **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 interest of the Bondholders.

All legal proceedings against the Bondholders 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.

- (e) **General Meeting:** a General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth of the principal amount of the Bonds 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 (2) months after such demand, the Bondholders 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 fifteen (15) calendar days on first convocation, and not less than ten (10) calendar days on second convocation, prior to the date of such General Meeting.

Each Bondholder 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 Bondholders. Each Bond carries the right to one (1) vote.

- (f) **Powers of the General Meeting:** the General Meeting is empowered to deliberate on the dismissal 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 Bonds, 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 Bondholders, nor establish any unequal treatment between the Bondholders, nor to decide to convert Bonds into shares.

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

In accordance with article R.228-71 of the Code, the rights of each Bondholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Bondholder on the second (2<sup>nd</sup>) 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.

- (g) **Information to Bondholders:** each Bondholder or Representative thereof will have the right, during the 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 Bondholders 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.
- (h) **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 Bonds.
- (i) **Notice of decisions:** decisions of the meetings shall be published in accordance with the provisions set out in Condition 9 not more than ninety (90) calendar days from the date thereof.

## 9. NOTICES

Any notice to the Bondholders will be valid if delivered to the Bondholders through Euroclear France, Euroclear or Clearstream, for so long as the Bonds are cleared through such clearing systems and published on the website of the Issuer ([www.ctelectricite.com](http://www.ctelectricite.com)); and so long as the Bonds are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris ([www.euronext.fr](http://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 Bonds shall become prescribed 10 years (in the case of principal) and 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 Bondholder issue further Bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further Bonds and the Bonds 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 Bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated Bonds may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12. **NO HARDSHIP**

The provisions of Article 1195 of the French *Code civil* shall not apply to these Conditions.

13. **GOVERNING LAW AND JURISDICTION**

The Bonds are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Bonds will be submitted to the competent courts within the jurisdiction of the *Cour d'Appel de Paris*.

## TERMS AND CONDITIONS OF THE 2028 BONDS

*The terms and conditions of the 2028 Bonds will be as follows:*

The issue outside the Republic of France of €1,200,000,000 1.500 per cent. per cent. Bonds due 29 July 2028 (the "**Bonds**") by Coentreprise de Transport d'Électricité (formerly known as Société C25 before 1 June 2017) ("**CTE**" or the "**Issuer**") was authorised pursuant to a resolution of the board of directors (*Conseil d'administration*) of the Issuer dated 15 May 2017 and a decision of Xavier Girre, Françoise Tauzinat and Nicolas Monnier, members of the Board of Directors (*Conseil d'administration*) of the Issuer dated 22 June 2017.

The Issuer will enter into an agency agreement (the "**Agency Agreement**") to be dated 26 June 2017 with Société Générale as fiscal agent, principal paying agent, paying agents and calculation agent. The fiscal agent, principal paying agent, paying agents and calculation agent 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) and the "**Calculation Agent**", respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the "**Agents**". Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents.

References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, "**holder of Bonds**", "**holder of any Bond**" or "**Bondholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such Bonds.

### 1. **FORM, DENOMINATION AND TITLE**

The Bonds will be issued on 29 June 2017 (the "**Issue Date**") in dematerialised bearer form (*au porteur*) in the denomination of €100,000 per Bond. Title to the Bonds will be established and evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* 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 Bonds.

The Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purposes of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

Title to the Bonds shall be evidenced by entries in the books of Account Holders and transfer of Bonds may only be effected through registration of the transfer in such books and in denominations of €100,000.

### 2. **STATUS AND NEGATIVE PLEDGE**

#### 2.1 **Status of the Bonds**

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional, unsecured (subject as provided in "Negative Pledge" below) and unsubordinated obligations of the Issuer 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.

#### 2.2 **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined below), the Issuer will not create or permit to subsist any Security Interest upon the whole or any part of the Issuer's present or future undertaking, assets or revenues to secure any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Bonds are (a) equally and rateably secured therewith or (b) have the

benefit of such other security or other arrangement in substantially comparable terms thereto.

For the purpose of this Condition 2:

**"Relevant Indebtedness"** means any monies borrowed and any indebtedness of the Issuer and/or RTE which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

**"outstanding"** means, in relation to the Bonds, all the Bonds issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Bonds 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.

**"Security Interest"** means any mortgage, charge, pledge or other security interest (*sûreté réelle*) securing any obligation of any person.

### 3. **INTEREST**

The Bonds will bear interest from, and including, 29 June 2017 (the **"Interest Commencement Date"**) to, but excluding, the Maturity Date (as defined in Condition 4.1), at the rate of 1.500 per cent. per annum (calculated on the principal amount of the Bonds), payable in arrear on 29 July in each year (each an **"Interest Payment Date"**), commencing on 29 July 2018. The period commencing on and including the Interest Commencement 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"**. There will be a first long Interest Period from and including the Interest Commencement Date to but excluding the first Interest Payment Date.

Where interest is to be calculated in respect of any period (the **"Calculation Period"**), the day-count fraction used will be the Actual/Actual-ICMA method as follows:

- (a) if such Calculation Period falls within a single Regular Interest Period, the actual number of calendar days in such Calculation Period divided by the number of calendar days in the Regular Interest Period in which it falls; and
- (b) if such Calculation Period does not fall within a single Regular Interest Period, the sum of (x) the actual number of calendar days in such Calculation Period falling in the Regular Interest Period in which it begins divided by the actual number of calendar days in that Regular Interest Period and (y) the actual number of calendar days in such Calculation Period falling in the subsequent Regular Interest Period divided by the actual number of calendar days in the subsequent Regular Interest Period.

where:

**"Regular Interest Period"** means the period from (and including) 29 July in any year to (but excluding) 29 July in the following year.

Each Bond will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of the Bond is improperly withheld or refused on such due date. In such event, such Bond shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day after the Fiscal Agent has notified Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all Bonds up to that day (except if and to the extent the subsequent payment to the relevant Bondholders is not made in accordance with these Conditions).

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

#### 4. REDEMPTION AND PURCHASE

The Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

##### 4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their principal amount (i.e. €100,000 per Bond) on the Interest Payment Date falling on 29 July 2028 (the "**Maturity Date**").

##### 4.2 Redemption for Taxation Reasons

- (a) If, by reason of change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 calendar days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Bonds at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (b) If the Issuer would on the next payment of principal or interest in respect of the Bonds, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the Bondholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Bondholders in accordance with Condition 9, redeem all, but not some only, of the Bonds then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

##### 4.3 Make-whole Redemption

- (a) The Issuer may on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders, redeem the Bonds, in whole or in part, at any time or from time to time, prior to their Maturity Date (a "**Make-Whole Redemption Date**"). Any such redemption of Bonds shall be made on the Make-Whole Redemption Date at their Make-Whole Redemption Amount (as defined below).
- (b) In the case of a partial redemption of the Bonds pursuant to this Condition 4.3, the redemption will be effected either (i) by redeeming in full some only of such Bonds and the choice between those Bonds that will be fully redeemed and those Bonds that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier*, or (ii) by reducing the principal amount of the Bonds in proportion to the aggregate principal amount redeemed, in each case subject to compliance with any other applicable laws and regulated market or other stock exchange requirements.
- (c) So long as the Bonds are listed and admitted to trading on any stock exchange and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Bonds, cause to be published in accordance with the relevant rules of such stock exchange, a notice specifying the aggregate principal amount of Bonds outstanding and, as the case may be, the principal amount of each Bond outstanding.
- (d) For the purposes of this Condition 4.3:

**"Make-Whole Redemption Amount"** means an amount in Euro determined by the Calculation Agent, equal to the greater of (x) 100 per cent. of the principal amount of such Bond and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Bond (excluding any interest accrued on such Bond to, but excluding, the relevant Make-Whole Redemption Date) discounted to such Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin, plus, in each case, any interest accrued on such Bond to, but excluding, such Make-Whole Redemption Date.

**"Make-Whole Redemption Margin"** means 0.20 per cent.

**"Make-Whole Redemption Rate"** means the average, calculated by the Calculation Agent, of the four (4) quotations obtained by the Calculation Agent from the Reference Banks of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date at 11:00 a.m. (Central European time (CET)). If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent in its reasonable judgment, at 11:00 a.m. (Central European time (CET)) on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 9. The Make-Whole Redemption Rate will be notified by the Issuer in accordance with Condition 9.

**"Reference Bank"** means each of the four banks that may have been selected by the Calculation Agent (excluding the Calculation Agent and any of its affiliates) which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**"Reference Benchmark Security"** means the German government bond bearing interest at a rate of 0.250 per cent. due February 2027, with ISIN DE0001102416.

**"Similar Security"** means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be used, 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 Bonds.

#### 4.4 **Early Redemption of the Bonds at the option of the Bondholders following a Change of Control**

If at any time while any of the Bonds remains outstanding (A) a Change of Control occurs and (B) within the Restructuring Period, a Rating Downgrade in respect of that Change of Control occurs (such Change of Control and Rating Downgrade not having been cured prior to the expiry of the Restructuring Period, together called a **"Put Event"**), each Bondholder will have the option (the **"Put Option"**) (unless, prior to the giving of the Put Event Notice referred to below, the Issuer has given notice of any early redemption in respect of the Bonds) to require the Issuer to redeem or, at the Issuer's option, procure the purchase of that Bondholder's Bonds on the Optional Redemption Date (as defined below). Each Bond shall be redeemed or purchased at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Bondholders in accordance with Condition 9, with a copy to the Fiscal Agent, specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, a Bondholder must give notice to the relevant Account Holder, with a copy to the Fiscal Agent in or substantially in the form set out in the Agency Agreement, duly completed and signed on its behalf (the **"Put Notice"**), on any Business Day falling within the period of forty-five (45) calendar days after a Put Event Notice is given (the **"Put Period"**).

The form of the Put Notice shall be available from the Fiscal Agent. Payment in respect of such Bonds will be made on the Optional Redemption Date by transfer to the bank account specified in the Put

Notice. A Put Notice once given shall be irrevocable. The Issuer shall redeem or, at its option, procure the purchase of the relevant Bonds on the Optional Redemption Date unless previously redeemed or purchased. For the avoidance of doubt, the Issuer shall have no responsibility for any breakage costs which the Bondholder may incur as a result of or in connection with such Bondholder'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). The Issuer shall be responsible for any administrative costs e.g. notices etc. arising as a result of in connection with any Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option.

For the purposes of this Condition 4:

A "**Change of Control**" shall be deemed to have occurred, each time the following events occurs: (i) 50% or more of the share capital and/or voting rights of the Issuer is owned by one or more persons other than EDF and/or CDC and/or CNP Assurances, and/or (ii) the Issuer ceases to own directly 100% of the share capital and/or voting rights of RTE (except in the case where the Issuer and RTE are merged).

"**CDC**" means la Caisse des Dépôts et Consignations, a special public institution (*établissement spécial*) created by the Act of 28 April 1816, codified at Articles L. 518-2 *et seq.* of the French *Code monétaire et financier*, and located at 56, rue de Lille, 75007 Paris, France.

"**CNP Assurances**" means a *société anonyme* having its registered office at 4 place Raoul Dautry - 75015 Paris, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 341 737 062.

"**EDF**" means Electricité de France, a *société anonyme*, having its registered office at 22-30, avenue de Wagram 75382 Paris cedex 08, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 552 081 317.

"**Optional Redemption Date**" means the fifth (5th) Business Day after the expiry of the Put Period.

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited and its successors, or any other rating agency of equivalent standing notified by the Issuer to the Bondholders in accordance with Condition 9.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (A) if (within the Restructuring Period) the rating previously assigned to the Bonds or to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (BBB- or its equivalent for the time being, or better) to a non-investment grade rating (BB+ or its equivalent for the time being, or worse) or (z) if the rating previously assigned to the Bonds or to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents), and (B) such rating is not within the Restructuring Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency, provided that the Rating Agency making the reduction or withdrawal in rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer and the Fiscal Agent in writing, that the lowering or withdrawal was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Downgrade).

"**Restructuring Period**" means the period beginning ninety (90) calendar days prior to, and ending ninety (90) calendar days after, the date of the public announcement by the entity concerned of the completion of the relevant Change of Control.

For the purposes of these Conditions, "**RTE**" means RTE Réseau de transport d'électricité, a *société anonyme à directoire et conseil de surveillance* incorporated and existing under the laws of France, having its registered office at Tour Initiale, 1 Terrasse Bellini TSA 41000, 92919 La Défense Cedex,

France, and registered under number 444 619 258 at the *Registre du Commerce et des Sociétés* of Nanterre.

#### 4.5 **Squeeze-Out Redemption**

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased and cancelled, the Issuer may, subject to having given not less than 30 nor more than 60 calendar days' prior notice to the Bondholders (such notice being irrevocable) in accordance with Condition 9, redeem on a date to be specified in such notice (the "**Squeeze Out Redemption Date**"), at its option, all (but not some only) of the remaining Bonds at their principal amount, together with interest accrued to but excluding the Squeeze Out Redemption Date. However, such option shall only be exercised at least twelve (12) months after a redemption at the option of the Issuer in accordance with Condition 4.3 has occurred.

#### 4.6 **Residual Maturity Call Option**

The Issuer may, on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders redeem, at any time as from and including 3 months to but excluding the Maturity Date, the Bonds, in whole (but not some only), at their principal amount together with interest accrued to, but excluding, the date fixed for redemption.

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

#### 4.7 **Purchases**

The Issuer may at any time purchase Bonds together with rights to interest relating thereto in the open market or otherwise at any price. Any Bonds so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Bonds in accordance with applicable laws and regulations.

#### 4.8 **Cancellation**

All Bonds which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

### 5. **PAYMENTS**

#### 5.1 **Method of Payment**

Payments of principal, interest and other amounts in respect of the Bonds will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Bondholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the Bondholders in respect of such payments.

#### 5.2 **Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any Bond is not a TARGET business day, then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment.

"**TARGET business day**" means a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) is operating.

### 5.3 **Fiscal Agent, Paying Agents and Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

#### **FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**Société Générale**  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 03  
France

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and/or appoint other Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Bondholders by the Issuer in accordance with Condition 9.

### 6. **TAXATION**

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

If any French law or regulation should require that any payment of principal, interest or other revenues in respect of the Bonds be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Bondholders, after such deduction or withholding, receive the full amount provided in such Bonds to be 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 Bond to a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Bond by reason of his having some connection with France other than the mere holding of such Bond.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

### 7. **EVENTS OF DEFAULT**

If any of the following events (each an "**Event of Default**") occurs, the Representative (as defined in Condition 8), upon request of any Bondholder, may, upon written notice to the Fiscal Agent (with a copy to the Issuer) given before all defaults shall have been cured, cause all the Bonds (but not some only) held by such Bondholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (a) the Issuer defaults in any payment when due on any amount on any Bond (including any additional amounts as specified in Condition 6), if such default continues for a period of more than 15 calendar days from such due date; or
- (b) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of such default; or



- (c) (i) any Indebtedness (as defined below) of the Issuer or RTE (being Indebtedness having an outstanding aggregate principal amount in excess of €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, (ii) any Indebtedness of the Issuer or RTE (being Indebtedness having an outstanding aggregate principal amount in excess of €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 the relevant grace period or (iii) the Issuer or RTE 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 €50,000,000 or its equivalent in any other currency) unless, in each case, the Issuer or RTE is contesting in good faith its obligations to make payment or repayment of such amount; or
- (d) a judgment is issued for judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business of the Issuer or RTE (*cession totale de l'entreprise à la suite d'un plan de cession*), or the Issuer or of RTE is subject to proceedings to the same effect, or in the absence of legal proceedings the Issuer or RTE makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

The occurrence of any Event of Default must be notified to the Bondholders by a publication in accordance with the provisions of Condition 9.

For the purpose of this Condition 7, "**Indebtedness**" means (i) any monies borrowed and any indebtedness which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), and (ii) any indebtedness which is in the form of or represented by any bank loan.

## 8. REPRESENTATION OF THE BONDHOLDERS

The Bondholders will be grouped automatically for the defence of their common interest in a single masse (the "**Masse**"). The *Masse* will be governed by the provisions of articles L.228-46 *et seq.* of the French *Code de commerce* (the "**Code**") with the exception of articles L.228-48, L.228-59, L.228-65 II, L.228-71, L.228-72, R.228-63, R.228-67, R.228-69, R.228-72 and R.228-79 of the Code and 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 Bondholders (the "**General Meeting**").
- (b) The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now, or in the future, may accrue respectively with respect to the Bonds.
- (c) **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 their employees as well as their ascendants, descendants and spouse; or
  - (iii) companies holding ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) 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 Representative shall be Massquote S.A.S.U., represented by its Chairman:

MASSQUOTE S.A.S.U.  
RCS 529 065 880 Nanterre  
7bis rue de Neuilly  
F-92110 Clichy  
Mailing address :  
33, rue Anna Jacquin  
92100 Boulogne Billancourt  
France

Alternate:

Gilbert Labachotte  
8 Boulevard Jourdan  
75014 Paris

The Issuer shall pay to the Representative an amount equal to €400 *per annum*, payable on each Interest Payment Date with the first payment at the Issue Date.

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

- (d) **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 interest of the Bondholders.

All legal proceedings against the Bondholders 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.

- (e) **General Meeting:** a General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth of the principal amount of the Bonds 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 (2) months after such demand, the Bondholders 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 fifteen (15) calendar days on first convocation, and not less than ten (10) calendar days on second convocation, prior to the date of such General Meeting.

Each Bondholder 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 Bondholders. Each Bond carries the right to one (1) vote.

- (f) **Powers of the General Meeting:** the General Meeting is empowered to deliberate on the dismissal 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 Bonds, 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 Bondholders, nor establish any unequal treatment between the Bondholders, nor to decide to convert Bonds into shares.

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

In accordance with article R.228-71 of the Code, the rights of each Bondholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Bondholder on the second (2<sup>nd</sup>) 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.

- (g) **Information to Bondholders:** each Bondholder or Representative thereof will have the right, during the 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 Bondholders 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.
- (h) **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 Bonds.
- (i) **Notice of decisions:** decisions of the meetings shall be published in accordance with the provisions set out in Condition 9 not more than ninety (90) calendar days from the date thereof.

## 9. NOTICES

Any notice to the Bondholders will be valid if delivered to the Bondholders through Euroclear France, Euroclear or Clearstream, for so long as the Bonds are cleared through such clearing systems and published on the website of the Issuer ([www.ctelectricite.com](http://www.ctelectricite.com)); and so long as the Bonds are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris ([www.euronext.fr](http://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 Bonds shall become prescribed 10 years (in the case of principal) and 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 Bondholder issue further Bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further Bonds and the Bonds 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 Bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated

Bonds may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12. **NO HARDSHIP**

The provisions of Article 1195 of the French *Code civil* shall not apply to these Conditions.

13. **GOVERNING LAW AND JURISDICTION**

The Bonds are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Bonds will be submitted to the competent courts within the jurisdiction of the *Cour d'Appel de Paris*.

## TERMS AND CONDITIONS OF THE 2032 BONDS

*The terms and conditions of the 2032 Bonds will be as follows:*

The issue outside the Republic of France of €1,220,000,000 2.125 per cent. per cent. Bonds due 29 July 2032 (the "**Bonds**") by Coentreprise de Transport d'Électricité (formerly known as Société C25 before 1 June 2017) ("**CTE**" or the "**Issuer**") was authorised pursuant to a resolution of the board of directors (*Conseil d'administration*) of the Issuer dated 15 May 2017 and a decision of Xavier Girre, Françoise Tauzinat and Nicolas Monnier, members of the Board of Directors (*Conseil d'administration*) of the Issuer dated 22 June 2017.

The Issuer will enter into an agency agreement (the "**Agency Agreement**") to be dated 26 June 2017 with Société Générale as fiscal agent, principal paying agent, paying agents and calculation agent. The fiscal agent, principal paying agent, paying agents and calculation agent 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) and the "**Calculation Agent**", respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the "**Agents**". Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents.

References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, "**holder of Bonds**", "**holder of any Bond**" or "**Bondholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such Bonds.

### 1. **FORM, DENOMINATION AND TITLE**

The Bonds will be issued on 29 June 2017 (the "**Issue Date**") in dematerialised bearer form (*au porteur*) in the denomination of €100,000 per Bond. Title to the Bonds will be established and evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* 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 Bonds.

The Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purposes of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

Title to the Bonds shall be evidenced by entries in the books of Account Holders and transfer of Bonds may only be effected through registration of the transfer in such books and in denominations of €100,000.

### 2. **STATUS AND NEGATIVE PLEDGE**

#### 2.1 **Status of the Bonds**

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional, unsecured (subject as provided in "Negative Pledge" below) and unsubordinated obligations of the Issuer 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.

#### 2.2 **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined below), the Issuer will not create or permit to subsist any Security Interest upon the whole or any part of the Issuer's present or future undertaking, assets or revenues to secure any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Bonds are (a) equally and rateably secured therewith or (b) have the

benefit of such other security or other arrangement in substantially comparable terms thereto.

For the purpose of this Condition 2:

**"Relevant Indebtedness"** means any monies borrowed and any indebtedness of the Issuer and/or RTE which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

**"outstanding"** means, in relation to the Bonds, all the Bonds issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Bonds 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.

**"Security Interest"** means any mortgage, charge, pledge or other security interest (*sûreté réelle*) securing any obligation of any person.

### 3. **INTEREST**

The Bonds will bear interest from, and including, 29 June 2017 (the **"Interest Commencement Date"**) to, but excluding, the Maturity Date (as defined in Condition 4.1), at the rate of 2.125 per cent. per annum (calculated on the principal amount of the Bonds), payable in arrear on 29 July in each year (each an **"Interest Payment Date"**), commencing on 29 July 2018. The period commencing on and including the Interest Commencement 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"**. There will be a first long Interest Period from and including the Interest Commencement Date to but excluding the first Interest Payment Date.

Where interest is to be calculated in respect of any period (the **"Calculation Period"**), the day-count fraction used will be the Actual/Actual-ICMA method as follows:

- (a) if such Calculation Period falls within a single Regular Interest Period, the actual number of calendar days in such Calculation Period divided by the number of calendar days in the Regular Interest Period in which it falls; and
- (b) if such Calculation Period does not fall within a single Regular Interest Period, the sum of (x) the actual number of calendar days in such Calculation Period falling in the Regular Interest Period in which it begins divided by the actual number of calendar days in that Regular Interest Period and (y) the actual number of calendar days in such Calculation Period falling in the subsequent Regular Interest Period divided by the actual number of calendar days in the subsequent Regular Interest Period.

where:

**"Regular Interest Period"** means the period from (and including) 29 July in any year to (but excluding) 29 July in the following year.

Each Bond will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of the Bond is improperly withheld or refused on such due date. In such event, such Bond shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day after the Fiscal Agent has notified Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all Bonds up to that day (except if and to the extent the subsequent payment to the relevant Bondholders is not made in accordance with these Conditions).

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

#### 4. REDEMPTION AND PURCHASE

The Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

##### 4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their principal amount (i.e. €100,000 per Bond) on the Interest Payment Date falling on 29 July 2032 (the "**Maturity Date**").

##### 4.2 Redemption for Taxation Reasons

- (a) If, by reason of change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 calendar days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Bonds at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (b) If the Issuer would on the next payment of principal or interest in respect of the Bonds, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the Bondholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Bondholders in accordance with Condition 9, redeem all, but not some only, of the Bonds then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

##### 4.3 Make-whole Redemption

- (a) The Issuer may on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders, redeem the Bonds, in whole or in part, at any time or from time to time, prior to their Maturity Date (a "**Make-Whole Redemption Date**"). Any such redemption of Bonds shall be made on the Make-Whole Redemption Date at their Make-Whole Redemption Amount (as defined below).
- (b) In the case of a partial redemption of the Bonds pursuant to this Condition 4.3, the redemption will be effected either (i) by redeeming in full some only of such Bonds and the choice between those Bonds that will be fully redeemed and those Bonds that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier*, or (ii) by reducing the principal amount of the Bonds in proportion to the aggregate principal amount redeemed, in each case subject to compliance with any other applicable laws and regulated market or other stock exchange requirements.
- (c) So long as the Bonds are listed and admitted to trading on any stock exchange and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Bonds, cause to be published in accordance with the relevant rules of such stock exchange, a notice specifying the aggregate principal amount of Bonds outstanding and, as the case may be, the principal amount of each Bond outstanding.
- (d) For the purposes of this Condition 4.3:

**"Make-Whole Redemption Amount"** means an amount in Euro determined by the Calculation Agent, equal to the greater of (x) 100 per cent. of the principal amount of such Bond and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Bond (excluding any interest accrued on such Bond to, but excluding, the relevant Make-Whole Redemption Date) discounted to such Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin, plus, in each case, any interest accrued on such Bond to, but excluding, such Make-Whole Redemption Date.

**"Make-Whole Redemption Margin"** means 0.25 per cent.

**"Make-Whole Redemption Rate"** means the average, calculated by the Calculation Agent, of the four (4) quotations obtained by the Calculation Agent from the Reference Banks of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date at 11:00 a.m. (Central European time (CET)). If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent in its reasonable judgment, at 11:00 a.m. (Central European time (CET)) on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 9. The Make-Whole Redemption Rate will be notified by the Issuer in accordance with Condition 9.

**"Reference Bank"** means each of the four banks that may have been selected by the Calculation Agent (excluding the Calculation Agent and any of its affiliates) which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**"Reference Benchmark Security"** means the German government bond bearing interest at a rate of 5.500 per cent. due January 2031, with ISIN DE0001135176.

**"Similar Security"** means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be used, 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 Bonds.

#### 4.4 **Early Redemption of the Bonds at the option of the Bondholders following a Change of Control**

If at any time while any of the Bonds remains outstanding (A) a Change of Control occurs and (B) within the Restructuring Period, a Rating Downgrade in respect of that Change of Control occurs (such Change of Control and Rating Downgrade not having been cured prior to the expiry of the Restructuring Period, together called a **"Put Event"**), each Bondholder will have the option (the **"Put Option"**) (unless, prior to the giving of the Put Event Notice referred to below, the Issuer has given notice of any early redemption in respect of the Bonds) to require the Issuer to redeem or, at the Issuer's option, procure the purchase of that Bondholder's Bonds on the Optional Redemption Date (as defined below). Each Bond shall be redeemed or purchased at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Bondholders in accordance with Condition 9, with a copy to the Fiscal Agent, specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, a Bondholder must give notice to the relevant Account Holder, with a copy to the Fiscal Agent in or substantially in the form set out in the Agency Agreement, duly completed and signed on its behalf (the **"Put Notice"**), on any Business Day falling within the period of forty-five (45) calendar days after a Put Event Notice is given (the **"Put Period"**).

The form of the Put Notice shall be available from the Fiscal Agent. Payment in respect of such Bonds will be made on the Optional Redemption Date by transfer to the bank account specified in the Put



Notice. A Put Notice once given shall be irrevocable. The Issuer shall redeem or, at its option, procure the purchase of the relevant Bonds on the Optional Redemption Date unless previously redeemed or purchased. For the avoidance of doubt, the Issuer shall have no responsibility for any breakage costs which the Bondholder may incur as a result of or in connection with such Bondholder'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). The Issuer shall be responsible for any administrative costs e.g. notices etc. arising as a result of in connection with any Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option.

For the purposes of this Condition 4:

A "**Change of Control**" shall be deemed to have occurred, each time the following events occurs: (i) 50% or more of the share capital and/or voting rights of the Issuer is owned by one or more persons other than EDF and/or CDC and/or CNP Assurances, and/or (ii) the Issuer ceases to own directly 100% of the share capital and/or voting rights of RTE (except in the case where the Issuer and RTE are merged).

"**CDC**" means la Caisse des Dépôts et Consignations, a special public institution (*établissement spécial*) created by the Act of 28 April 1816, codified at Articles L. 518-2 *et seq.* of the French *Code monétaire et financier*, and located at 56, rue de Lille, 75007 Paris, France.

"**CNP Assurances**" means a *société anonyme* having its registered office at 4 place Raoul Dautry - 75015 Paris, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 341 737 062.

"**EDF**" means Electricité de France, a *société anonyme*, having its registered office at 22-30, avenue de Wagram 75382 Paris cedex 08, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 552 081 317.

"**Optional Redemption Date**" means the fifth (5th) Business Day after the expiry of the Put Period.

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited and its successors, or any other rating agency of equivalent standing notified by the Issuer to the Bondholders in accordance with Condition 9.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (A) if (within the Restructuring Period) the rating previously assigned to the Bonds or to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (BBB- or its equivalent for the time being, or better) to a non-investment grade rating (BB+ or its equivalent for the time being, or worse) or (z) if the rating previously assigned to the Bonds or to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents), and (B) such rating is not within the Restructuring Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency, provided that the Rating Agency making the reduction or withdrawal in rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer and the Fiscal Agent in writing, that the lowering or withdrawal was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Downgrade).

"**Restructuring Period**" means the period beginning ninety (90) calendar days prior to, and ending ninety (90) calendar days after, the date of the public announcement by the entity concerned of the completion of the relevant Change of Control.

For the purposes of these Conditions, "**RTE**" means RTE Réseau de transport d'électricité, a *société anonyme à directoire et conseil de surveillance* incorporated and existing under the laws of France, having its registered office at Tour Initiale, 1 Terrasse Bellini TSA 41000, 92919 La Défense Cedex,

France, and registered under number 444 619 258 at the *Registre du Commerce et des Sociétés* of Nanterre.

#### 4.5 **Squeeze-Out Redemption**

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased and cancelled, the Issuer may, subject to having given not less than 30 nor more than 60 calendar days' prior notice to the Bondholders (such notice being irrevocable) in accordance with Condition 9, redeem on a date to be specified in such notice (the "**Squeeze Out Redemption Date**"), at its option, all (but not some only) of the remaining Bonds at their principal amount, together with interest accrued to but excluding the Squeeze Out Redemption Date. However, such option shall only be exercised at least twelve (12) months after a redemption at the option of the Issuer in accordance with Condition 4.3 has occurred.

#### 4.6 **Residual Maturity Call Option**

The Issuer may, on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders redeem, at any time as from and including 3 months to but excluding the Maturity Date, the Bonds, in whole (but not some only), at their principal amount together with interest accrued to, but excluding, the date fixed for redemption.

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

#### 4.7 **Purchases**

The Issuer may at any time purchase Bonds together with rights to interest relating thereto in the open market or otherwise at any price. Any Bonds so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Bonds in accordance with applicable laws and regulations.

#### 4.8 **Cancellation**

All Bonds which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

### 5. **PAYMENTS**

#### 5.1 **Method of Payment**

Payments of principal, interest and other amounts in respect of the Bonds will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Bondholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the Bondholders in respect of such payments.

#### 5.2 **Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any Bond is not a TARGET business day, then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment.

"**TARGET business day**" means a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) is operating.

### 5.3 **Fiscal Agent, Paying Agents and Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

#### **FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**Société Générale**  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 03  
France

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and/or appoint other Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Bondholders by the Issuer in accordance with Condition 9.

### 6. **TAXATION**

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

If any French law or regulation should require that any payment of principal, interest or other revenues in respect of the Bonds be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Bondholders, after such deduction or withholding, receive the full amount provided in such Bonds to be 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 Bond to a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Bond by reason of his having some connection with France other than the mere holding of such Bond.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

### 7. **EVENTS OF DEFAULT**

If any of the following events (each an "**Event of Default**") occurs, the Representative (as defined in Condition 8), upon request of any Bondholder, may, upon written notice to the Fiscal Agent (with a copy to the Issuer) given before all defaults shall have been cured, cause all the Bonds (but not some only) held by such Bondholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (a) the Issuer defaults in any payment when due on any amount on any Bond (including any additional amounts as specified in Condition 6), if such default continues for a period of more than 15 calendar days from such due date; or
- (b) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of such default; or

- (c) (i) any Indebtedness (as defined below) of the Issuer or RTE (being Indebtedness having an outstanding aggregate principal amount in excess of €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, (ii) any Indebtedness of the Issuer or RTE (being Indebtedness having an outstanding aggregate principal amount in excess of €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 the relevant grace period or (iii) the Issuer or RTE 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 €50,000,000 or its equivalent in any other currency) unless, in each case, the Issuer or RTE is contesting in good faith its obligations to make payment or repayment of such amount; or
- (d) a judgment is issued for judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business of the Issuer or RTE (*cession totale de l'entreprise à la suite d'un plan de cession*), or the Issuer or of RTE is subject to proceedings to the same effect, or in the absence of legal proceedings the Issuer or RTE makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

The occurrence of any Event of Default must be notified to the Bondholders by a publication in accordance with the provisions of Condition 9.

For the purpose of this Condition 7, "**Indebtedness**" means (i) any monies borrowed and any indebtedness which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), and (ii) any indebtedness which is in the form of or represented by any bank loan.

## 8. REPRESENTATION OF THE BONDHOLDERS

The Bondholders will be grouped automatically for the defence of their common interest in a single masse (the "**Masse**"). The *Masse* will be governed by the provisions of articles L.228-46 *et seq.* of the French *Code de commerce* (the "**Code**") with the exception of articles L.228-48, L.228-59, L.228-65 II, L.228-71, L.228-72, R.228-63, R.228-67, R.228-69, R.228-72 and R.228-79 of the Code and 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 Bondholders (the "**General Meeting**").
- (b) The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now, or in the future, may accrue respectively with respect to the Bonds.
- (c) **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 their employees as well as their ascendants, descendants and spouse; or
  - (iii) companies holding ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) 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 Representative shall be Massquote S.A.S.U., represented by its Chairman:

MASSQUOTE S.A.S.U.  
RCS 529 065 880 Nanterre  
7bis rue de Neuilly  
F-92110 Clichy  
Mailing address :  
33, rue Anna Jacquin  
92100 Boulogne Billancourt  
France

Alternate:

Gilbert Labachotte  
8 Boulevard Jourdan  
75014 Paris

The Issuer shall pay to the Representative an amount equal to €400 *per annum*, payable on each Interest Payment Date with the first payment at the Issue Date.

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

- (d) **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 interest of the Bondholders.

All legal proceedings against the Bondholders 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.

- (e) **General Meeting:** a General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth of the principal amount of the Bonds 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 (2) months after such demand, the Bondholders 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 fifteen (15) calendar days on first convocation, and not less than ten (10) calendar days on second convocation, prior to the date of such General Meeting.

Each Bondholder 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 Bondholders. Each Bond carries the right to one (1) vote.

- (f) **Powers of the General Meeting:** the General Meeting is empowered to deliberate on the dismissal 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 Bonds, 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 Bondholders, nor establish any unequal treatment between the Bondholders, nor to decide to convert Bonds into shares.

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

In accordance with article R.228-71 of the Code, the rights of each Bondholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Bondholder on the second (2<sup>nd</sup>) 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.

- (g) **Information to Bondholders:** each Bondholder or Representative thereof will have the right, during the 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 Bondholders 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.
- (h) **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 Bonds.
- (i) **Notice of decisions:** decisions of the meetings shall be published in accordance with the provisions set out in Condition 9 not more than ninety (90) calendar days from the date thereof.

## 9. NOTICES

Any notice to the Bondholders will be valid if delivered to the Bondholders through Euroclear France, Euroclear or Clearstream, for so long as the Bonds are cleared through such clearing systems and published on the website of the Issuer ([www.ctelectricite.com](http://www.ctelectricite.com)); and so long as the Bonds are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris ([www.euronext.fr](http://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 Bonds shall become prescribed 10 years (in the case of principal) and 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 Bondholder issue further Bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further Bonds and the Bonds 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 Bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated

Bonds may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12. **NO HARDSHIP**

The provisions of Article 1195 of the French *Code civil* shall not apply to these Conditions.

13. **GOVERNING LAW AND JURISDICTION**

The Bonds are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Bonds will be submitted to the competent courts within the jurisdiction of the *Cour d'Appel de Paris*.

## **USE OF PROCEEDS**

The proceeds of the issue of the Bonds, which will be approximately EUR 2,886,616,200 (EUR 497,190,000 in respect of the 2024 Bonds, EUR 1,183,932,000 in respect of the 2028 Bonds and EUR 1,205,494,200 in respect of the 2032 Bonds) will be applied by the Issuer (i) for the repayment in whole of the bridge loan facilities made available to the Issuer under the EUR 2,820,000,000 bridge loan acquisition facilities agreement dated 4 December 2016, and (ii) for the payment of priority dividends to the benefit of EDF, Caisse des Dépôts et Consignations and CNP Assurances as shareholders of the Issuer, pursuant to an investment protocol dated 14 December 2016, as amended on 31 March 2017, for a maximum amount of EUR 100,000,000.



## DESCRIPTION OF CTE

### 1. General Information about the Issuer

- (a) Legal and commercial name, place of registration, registration number and governing law of the Issuer's operations

The legal and commercial name of the issuer is Coentreprise de Transport d'Électricité. Coentreprise de Transport d'Électricité (formerly known as Société C25 before 1 June 2017) ("**CTE**" or the "**Issuer**") is a French *société anonyme*, the operations of which are governed by French law, registered with the *Registre du Commerce et des Sociétés* of Paris under number 529 313 652.

- (b) Registered office

The Issuer's registered office is currently located at 69-71, rue de Miromesnil, 75008 Paris, France. Its registered office telephone number is + 33 (0)1 42 99 92 63.

- (c) Date of incorporation and term

The Issuer was established on 15 April 2011 for a period of 99 years expiring (unless renewed) on 14 April 2110. The Issuer did not have any activity nor any assets prior to the acquisition of RTE, as described in paragraph 2 (*Business Overview*) below.

- (d) Share capital of the Issuer

As at the date of this Prospectus, the share capital of the Issuer is EUR 2,700,009,247.50, following a share capital increase made by the Issuer on 31 March 2017 for an amount of EUR 128,571,427.50.

### 2. Business Overview

- (a) Corporate Purpose

The purpose of CTE is, in France and abroad:

- the acquisition and holding of the share capital of RTE Réseau de transport d'électricité, a French *société anonyme* having its registered office at Tour Initiale, 1 Terrasse Bellini TSA 41000, 92919 Paris, La Défense Cedex, France, registered with the *Registre du Commerce et des Sociétés* of Nanterre under number 444 619 258, and
- generally any operation of a commercial or financial nature or in relation to movable or immovable properties, either directly or indirectly related to the above defined purpose or to the activities of the group or otherwise facilitating the above and fostering its development.

- (b) Principal activities

CTE is a holding company which conducts no business operations of its own and has no independent means of generating revenues. It has not engaged in, and will not be permitted to engage in, any activities outside the purpose described above. CTE's only asset is currently its one hundred per cent. (100%) interest in RTE, a French *société anonyme* registered with the *Registre du Commerce et des Sociétés* under number 444 619 258 ("**RTE**") valued at EUR 8.2 billion as at 31 December 2016. RTE is more fully described in the section "Description of RTE" of this Prospectus.

The Issuer acquired its one hundred per cent. (100%) interest in the share capital and voting rights in RTE on 14 December 2016, following the execution of the Contribution Agreement and the Acquisition Agreement (as defined below).

As at 31 December 2016, the total assets and total equity accounted for in the local statutory financial statements of CTE amounted to EUR 7,958,917,300 and EUR 5,138,805,430 respectively.

(c) Shareholding of RTE

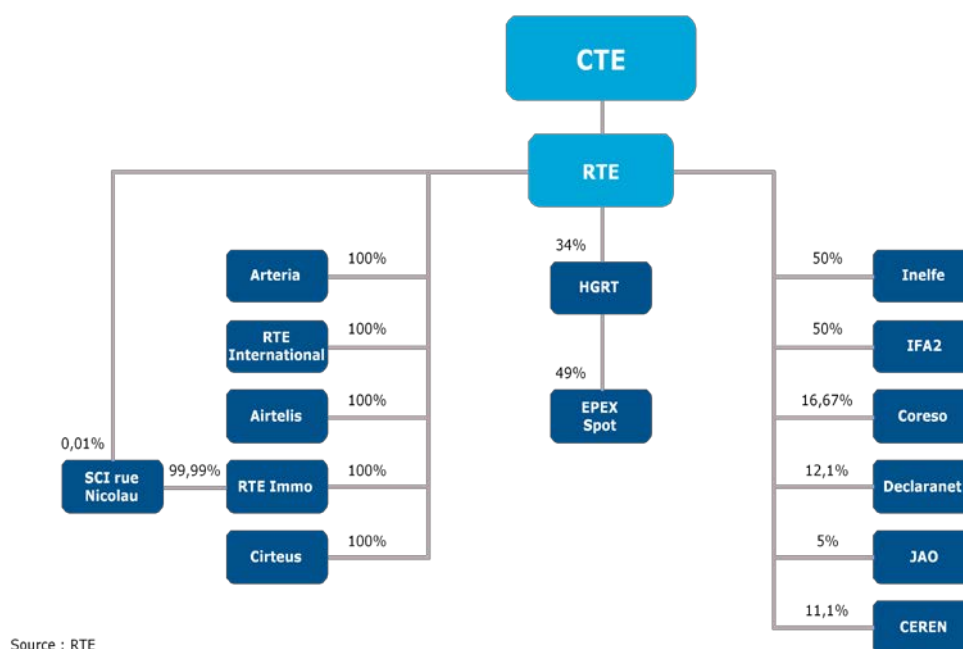
Electricité de France ("**EDF**") transferred its one hundred per cent. (100%) interest in RTE to CTE by way of a contribution in kind by EDF to CTE of 65.85% of RTE's share capital (the "**Contribution**"), which was effected through the execution of an in-kind contribution agreement entered into between EDF and CTE on 14 December 2016 (the "**Contribution Agreement**"), combined with the acquisition of 34.15% of RTE's share capital by CTE (the "**Acquisition**"), which was effected through the execution of a share purchase agreement dated 14 December 2016 entered into between EDF and CTE (the "**Acquisition Agreement**") and which was conditional upon the completion of the Contribution.

(d) Financings

In order to finance the payment of the purchase price for the Acquisition (including any purchase price adjustments), the payment of costs and expenses incurred in connection with the Acquisition and the funding of its balance sheet for the purpose of providing for its general corporate purposes, CTE has entered into a bridge loan acquisition facilities agreement (the "**Bridge Loan**") on 14 December 2016, with several banks for a total amount of 2,820,000,000 euros.

(e) Organisational Structure

**Chart of the CTE group of companies as at 31 March 2017**



### 3. Administrative and Management Bodies

CTE is managed by a *Conseil d'administration* (Board of Directors) which sets the guidelines for the conduct of the Company's business and oversees their implementation, and a *Président – Directeur Général* (Chairman – Chief Executive Officer), vested by operation of law with the broadest powers to act on behalf of the company in all circumstances.

The decisions of the *Conseil d'administration* are taken by simple majority of the members present or represented.

The *Conseil d'administration* is currently composed of the following eight members:

<b>Name</b>	<b>Position</b>	<b>Other functions within the Group</b>	<b>Other functions outside the Group</b>	<b>Professional address</b>
<b>M. Xavier Girre</b>	Member of the <i>Conseil d'administration</i>	Chairman of the Board – Chief Executive Officer of the Issuer	Member of the <i>Conseil d'administration</i> of NNB Holding Company (HPC) Limited, EDF Energy Holdings Ltd, Dalkia, EDF EN and FDJ  Member of the <i>Conseil de surveillance</i> of ENEDIS  Member of the executive committee of EDF  Member of the audit committee of FDJ	69-71, rue de Miromesnil, 75008 Paris, France
<b>M. Marc Espalieu</b>	Member of the <i>Conseil d'administration</i>	N/A	EDF Manager/Coordinator of governance of regulated assets, EDF group  Member of the Supervisory Board and Audit Committee Chairman of ENEDIS  Member of the Orientation Committee of EDF Production Electrique Insulaire SAS	69-71, rue de Miromesnil, 75008 Paris, France
<b>M. Didier Mathus</b>	Member of the <i>Conseil d'administration</i>	N/A	Member of the college of HADOPI  President of the <i>Comité de Liaison pour l'Education aux Media</i> (CLEMI)	69-71, rue de Miromesnil, 75008 Paris, France
<b>Mme Valérie Levkov</b>	Member of the <i>Conseil d'administration</i>	N/A	Senior Vice President Africa & Middle East of EDF  Member of the <i>Conseil d'administration</i> of	EDF – 30, avenue de Wagram – 75008 PARIS

Name	Position	Other functions within the Group	Other functions outside the Group	Professional address
			Nachtigal Hydro Power Company and of IMT Atlantique	
<b>M. Nicolas Monnier</b>	Member of the <i>Conseil d'administration</i>	N/A	<p>President of 270 Investments</p> <p>Member of the <i>Conseil de surveillance</i> of Actions CNP</p> <p>Member of the <i>Conseil d'administration</i> of CNP Assur CAPI</p> <p>Member of the <i>Conseil d'administration</i> of CNP Caution</p> <p>Member of the <i>Conseil d'administration</i> of Coeur Méditerranée</p> <p>President of Ecureuil VIE Investment</p> <p>Member of the <i>Conseil de surveillance</i> of Equalum</p> <p>Member of the <i>Conseil d'administration</i> of Farmoric</p> <p>Member of the <i>Collège des directeurs</i> of Holdco</p> <p>Member of the <i>Comité de surveillance</i> of Immaucom</p> <p>Member of the <i>Conseil d'administration</i> of Immo Diversification</p> <p>Member of the <i>Conseil</i></p>	4, place Raoul Dautry, 75015 Paris, France

Name	Position	Other functions within the Group	Other functions outside the Group	Professional address
			<p><i>d'administration</i> of Novi 1</p> <p>Member of the <i>Conseil d'administration</i> of Novi 2</p> <p>Member of the <i>Conseil de surveillance</i> of Ofelia</p> <p>Member of the <i>Comité de supervision</i> of OPCI Raspail</p> <p>Member of the <i>Conseil d'administration</i> of Previmut</p> <p>Member of the <i>Conseil de surveillance</i> of Serenum</p> <p>Member of the <i>Conseil d'administration</i> of Silverstone</p> <p>Member of the <i>Comité stratégique</i> of SMCA</p> <p>President of US Real Estate 270</p> <p>President of US Real Estate EVJ</p> <p>Member of the <i>Conseil de surveillance</i> of Vitalum</p> <p>Member of the <i>Comité de direction</i> et of the <i>Comité Financier</i> of Geomethane</p> <p>Member of the <i>Conseil de la Présidence</i> of Geosud</p>	

Name	Position	Other functions within the Group	Other functions outside the Group	Professional address
<b>M. Daniel Thébert</b>	Member of the <i>Conseil d'administration</i>	N/A	<p>Member of the <i>Comité de gestion</i> of Farman</p> <p>Member of the <i>Comité de gestion</i> of Liberté</p> <p>Member of the <i>Conseil d'administration</i> of Orea</p> <p>Member of the <i>Conseil d'administration</i> of AEW IMCOM 1</p> <p>Member of the <i>Conseil d'administration</i> of AEW IMCOM 6</p> <p>Member of the <i>Conseil d'administration</i> of Farmoric</p> <p>Member of the <i>Conseil d'administration</i> of Holding d'Infrastructures Gazières</p> <p>Member of the <i>Conseil d'administration</i> of MTP Invest</p> <p>Member of the <i>Conseil d'administration</i> of Société d'Infrastructures Gazières</p> <p>Member of the <i>Conseil d'administration</i> of Coeur Méditerranée</p> <p>Member of the <i>Conseil d'administration</i> of Sunlight</p>	4, place Raoul Dautry, 75015 Paris, France

Name	Position	Other functions within the Group	Other functions outside the Group	Professional address
			<p>Member of the <i>Conseil de surveillance</i> of FLI</p> <p>Member of the <i>Conseil de surveillance</i> of Immaucom</p> <p>Member of the <i>Comité de supervision</i> of OPCI Raspail</p> <p>Member of the <i>Comité de direction</i>, the <i>Comité Financier</i> and the <i>Comité Projet</i> of Geomethane</p> <p>Member of the <i>Conseil de la Présidence</i> of Geosud</p>	
<b>Mme Virginie Chapron</b>	Member of the <i>Conseil d'administration</i>	N/A	<p>Director of Finance for the Caisse des Dépôts Group</p> <p>Member of the <i>Conseil d'administration</i> of CNP Assurances</p> <p>Member of the <i>Conseil d'administration</i> of Humanis-Retraite Arrco</p> <p>Member of the <i>Conseil d'administration</i> of BPI France SA</p> <p>Member of the Audit and Risk Committee of BPI France SA</p> <p>Chair of Novethic</p>	56, rue de Lille 75007, Paris, France
<b>Mme Françoise Tauzinat</b>	Member of the <i>Conseil d'administration</i>	N/A	Head of Infrastructure, Transport and Engineering Unit of Steering Department – Finance, Strategy	56, rue de Lille 75007, Paris, France

Name	Position	Other functions within the Group	Other functions outside the Group	Professional address
			and Holdings Division of CDC  Member of the <i>Conseil d'administration</i> of Transdev  Member of the <i>Conseil d'administration</i> of Egis  Member of the <i>Conseil de Surveillance</i> of CNR  Member of the <i>Conseil Stratégique</i> of CDC Arkhineo  Member of the Investors Board of Inframed	

The *Président – Directeur Général* of the Issuer is M. Xavier Girre. His professional address is 69-71, rue de Miromesnil, 75008 Paris, France.

#### 4. **Ownership and control**

Until 31 March 2017, the Issuer was owned as follows: (i) 1,080,003,698 shares owned by EDF and (ii) 1 share owned by Société C3, which is itself a subsidiary of EDF.

On 14 December 2016, EDF, Caisse des Dépôts et Consignations and CNP Assurances entered into a binding agreement setting the terms and conditions of the acquisition by Caisse des Dépôts et Consignations and CNP Assurances of a 49.9% indirect stake in RTE, an equity stake of 29.9% by Caisse des Dépôts et Consignations and of 20% by CNP Assurances, as well as the terms of a long-term partnership to foster the development of RTE and strengthen RTE's public service remit (the "**Acquisition and Partnership Agreement**").

The Acquisition and Partnership Agreement was entered into in the context of the joint press release dated 22 April 2016 of the French Minister of Finance and Public Accounts and the Minister of Economy, Industry and Digital, requesting that the chairmen of RTE and EDF define a capital opening scheme to be implemented before the end of 2016 in order to give RTE the means to develop a new and ambitious business strategy for energy transport projects in France and in Europe, in line with its public service requirements, and for EDF to finance its development projects.

In accordance with the Acquisition and Partnership Agreement, the final agreed value of RTE equity was set at €8.2 billion and EDF will potentially benefit from a value complement of up to €100 million.

On 31 March 2017, Caisse des Dépôts et Consignations and CNP Assurances became shareholders of the Issuer alongside EDF, and thus indirect shareholders of RTE, pursuant to a share purchase agreement dated 31 March 2017 under the terms of which EDF sold to Caisse des Dépôts et Consignations and CNP Assurances respectively 29.9% and 20% of the share capital of the Issuer.

The Issuer is therefore currently owned as follows:



- (i) 50.1% owned by EDF, a French *société anonyme* registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 081 317 and with a registered office located at 22-30, avenue de Wagram, 75008 Paris, France,
- (ii) 29.9% owned by Caisse des Dépôts et consignations, a special public institution (*établissement spécial*) created by the Act of 28 April 1816, codified at Articles L. 518-2 *et seq.* of the French *Code monétaire et financier*, and located at 56, rue de Lille, 75007 Paris, France, and
- (iii) 20% owned by CNP Assurances, a *société anonyme* having its registered office at 4 place Raoul Dautry - 75015 Paris, France, registered with the *Registre du Commerce et des Sociétés* of Paris under reference number 341 737 062.

EDF, Caisse des Dépôts et Consignations and CNP Assurances entered into a shareholders' agreement on 31 March 2017 (the "**Shareholders' Agreement**"). The Shareholders' Agreement governs the parties' respective rights, duties and obligations with respect to the direct ownership of the shares of CTE and indirect ownership of the shares of RTE. The Shareholders' Agreement was concluded for a period of twenty (20) years, renewable once for a period of ten (10) years at the initiative of either party to such Shareholders' Agreement subject to a six (6) month notice period.

Pursuant to the terms of the Shareholders' Agreement, EDF, Caisse des Dépôts et Consignations and CNP Assurances agreed to the following distribution policies:

- annual distributions from RTE of (i) an agreed percentage of 60% of RTE's consolidated net income (as determined under IFRS) to its shareholders, and (ii) if possible, an additional exceptional dividend in order to maintain a targeted indebtedness ratio of 60%<sup>1</sup>, subject to the limits of RTE's distributable reserves and to applicable laws and regulations;
- in addition, the Shareholders' Agreement provides that CTE will distribute 100% of its cash available in the form of advance dividends or reserves distributions, subject to its contractual obligations under its financings and to having enough liquidity to cover its operating expenses.

The annual shareholders' meeting of RTE held on 30 May 2017 has voted in favour of a dividend of 241,821,427 euros to be paid to its shareholders. The supervisory board of RTE approved such dividend on 7 June 2017.

The Shareholders' Agreement also provides the right for EDF to designate four out of eight members composing the *Conseil d'administration* (Board of Directors) of CTE and the rights of Caisse des Dépôts et Consignations together with CNP Assurances to designate the other four members of the *Conseil d'administration* (Board of Directors) of CTE. The chairman of the *Conseil d'administration* (Board of Directors) is appointed on the proposal of the largest shareholder. Furthermore, the Shareholders' Agreement details the matters requiring the approval of a qualified majority of the members of the *Conseil d'administration* (Board of Directors) of CTE (including, among other things, a change in the dividend policy of CTE).

Each of EDF and Caisse des Dépôts et Consignations together with CNP Assurances has undertaken to maintain a minimum holding of 25% plus one share in the share capital of CTE until the term of the Shareholders' Agreement. The Shareholders' Agreement further provides for a five (5) year inalienability period of all of CTE's shares for each of EDF, Caisse des Dépôts et Consignations et CNP Assurances, subject to limited exceptions, of which mainly the sale by EDF of part of its shares to any other French state-owned entity (notwithstanding the above principle of a minimum detention of 25% plus one share). After the expiry of such inalienability period, the sale of shares in CTE will be subject to first refusal rights and to tag-along rights. EDF also benefits from a priority right conferring it the right to sell, under certain conditions, up to 25% of the share capital of CTE in advance of the other investors. Further, EDF, CDC and CNP Assurances have the right to oppose in advance, for

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<sup>1</sup> Defined as the ratio of net financial debt adjusted for the exceptional dividend over the RAB as defined by the CRE.

reasonable reasons and to the extent they hold at least 25% of the share capital, certain third parties who might be approached by shareholders with a view to a sale.

- EDF

The EDF Group is an integrated electricity company, active in all areas of the business: generation, transmission, distribution, energy supply and trading, energy services. The EDF Group has developed a diversified generation mix based on nuclear power, hydropower, new renewable energies and thermal energy. The EDF Group is involved in supplying energy and services to approximately 37.1 million customers, of which 26.2 million in France. The Group generated consolidated sales of €71 billion in 2016. EDF is listed on the Paris Stock Exchange.

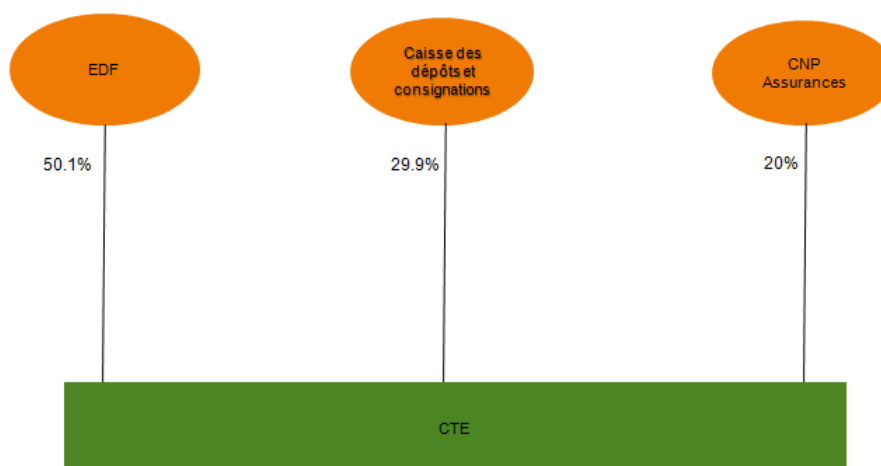
- Caisse des Dépôts et Consignations

Caisse des Dépôts et Consignations is a special public institution (*établissement spécial*) created by a French law dated 28 April 1816 and which is governed by articles L. 518-2 to L. 518-24 of the French *Code monétaire et financier*. Caisse des Dépôts et Consignations performs public-interest missions in support of public policies performed by France's central government, regional and local public entities. It is a significant administrator of French savings deposits and retirement savings funds and of private funds that are protected under French law. It is also the main institution financing low-income housing in France and urban development as well as being an important long-term institutional investor. It manages substantial portfolios of shares in listed companies, private equity and real estate assets.

- CNP Assurances

CNP Assurances is a French personal insurer with net profit of €1,200 million in 2016. The Group also has operations in other European countries and in Latin America, with a significant presence in Brazil. It has more than 35 million personal risk/protection insured worldwide and more than 14 million savings and pensions policyholders. The Group designs and manages life insurance, pension, personal risk insurance and protection products (term creditor insurance and health insurance). CNP Assurances has been listed on the first market of the Paris Stock Exchange since October 1998 and has a stable shareholder structure thanks to the signing of an agreement between its major shareholders (Caisse des Dépôts, La Banque Postale, Groupe BPCE and the French State).

Below is a diagram describing the shareholding of CTE:



As a consequence of the above and of the fact that the Issuer's sole asset is the shares of RTE, the Issuer is dependent upon its shareholders and RTE.

## 5. Financial Information



**KPMG Audit**  
Tour ECHO  
2 Avenue Gambetta  
CS 60066  
92066 Paris la Défense Cedex  
France

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**SOCIETE C25 S.A.**

### Rapport du commissaire aux comptes sur les comptes annuels

Exercice clos le 31 décembre 2015  
**SOCIETE C25 S.A.**  
69-71 rue de Miromesnil - 75008 Paris  
*Ce rapport contient 15 pages*  
Référence : CP-162-52

KPMG S.A.,  
société française membre du réseau KPMG  
constituée de cabinets indépendants adhérents du  
KPMG International Cooperative, une entité de droit suisse.

Société anonyme d'expertise  
comptable et de commissariat  
aux comptes à direction et  
conseil de surveillance,  
inscrite au Tableau de l'Ordre  
à Paris sous le n° 5430082401  
et à la Compagnie Régionale  
des Commissaires aux Comptes  
de Versailles.

Siège social :  
KPMG S.A.  
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2 Avenue Gambetta  
92066 Paris la Défense Cedex  
Capital : 5 400 100 €  
Code APE 6920Z  
775 726 417 R.C.S. Nanterre  
TVA Unifon Européenne  
FR 77 775 726 417



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## **SOCIETE C25 S.A.**

Siège social : 69-71 rue de Miromesnil - 75008 Paris  
Capital social : €37 000

### **Rapport du commissaire aux comptes sur les comptes annuels**

Exercice clos le 31 décembre 2015

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par vos statuts, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2015, sur :

- le contrôle des comptes annuels de la société C25 S.A., tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- les vérifications et informations spécifiques prévues par la loi.

Les comptes annuels ont été arrêtés par le conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

## **1 Opinion sur les comptes annuels**

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes annuels. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

## **2 Justification des appréciations**

En application des dispositions de l'article L.823-9 du Code de commerce relatives à la justification de nos appréciations, nous vous informons que les appréciations auxquelles nous avons procédé ont porté sur le caractère approprié des principes comptables appliqués et de la présentation d'ensemble des comptes.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes annuels, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

## **3 Vérifications et informations spécifiques**

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par la loi.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration et dans les documents qui vous ont été adressés sur la situation financière et les comptes annuels.

Paris La Défense, le 27 avril 2016

KPMG Audit  
*Département de KPMG S.A.*



Catherine Porta  
Associée

<b>SOCIETE</b> <b>C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## 1 - BILAN

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## 1.1 BILAN ACTIF

<b>ACTIF</b>	<b>€</b>	<b>Notes</b>	<b>Brut 31.12.2015</b>	<b>Amortissements et provisions 31.12.2015</b>	<b>Net 31.12.2015</b>	<b>Net 31.12.2014</b>
<b>CAPITAL SOUSCRIT NON APPELE</b>						
<b>ACTIF IMMOBILISE</b>						
<b>Immobilisations incorporelles</b>						
Applications informatiques et logiciels						
Fonds commercial						
Immobilisations incorporelles en cours						
Avances et acomptes sur Immobilisations incorporelles						
<b>Immobilisations corporelles</b>						
Terrains, agencements et aménagements de terrains						
Constructions, installations générales						
Installations techniques, matériels et outillages						
Autres immobilisations corporelles						
Immobilisations corporelles en cours						
Avances et acomptes						
<b>Immobilisations financières</b>						
Participations			-		-	-
Créances rattachées à des participations			-			
Prêts						
Autres immobilisations financières			-		-	-
<b>ACTIF IMMOBILISE</b>			-	-	-	-
<b>ACTIF CIRCULANT</b>						
<b>Stocks et en-cours</b>						
Matières premières, approvisionnements						
<b>Avances et acomptes versés sur commande</b>						
<b>Créances</b>						
Créances clients et comptes rattachés						
Autres créances					-	
<b>Valeurs Mobilières de placement</b>						
<b>Disponibilités</b>			13 807		13 807	19 103
<b>Comptes de régularisation</b>						
Charges constatées d'avance						
<b>ACTIF CIRCULANT</b>			13 807	-	13 807	19 103
<b>Primes de remboursement des obligations</b>						
<b>Ecart de conversion actif</b>						
<b>TOTAL</b>			13 807	-	13 807	19 103

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## 1.2 BILAN PASSIF

<b>PASSIF</b>	<b>€</b>	<b>Notes</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>CAPITAUX PROPRES</b>				
<b>Capital social</b>		4.1.1	37 000	37 000
<b>Ecart de réévaluation</b>				
<b>Réserves</b>				
Réserve légale				
Autres réserves				
Acompte sur dividendes				
<b>Report à nouveau</b>			-22 907	-16 710
<b>Résultat de l'exercice</b>		4.1.2	-5 386	-6 197
<b>Subventions d'investissement</b>				
<b>Provisions réglementées</b>				
<b>CAPITAUX PROPRES</b>		4.1	8 707	14 093
<b>Provisions pour risques et charges</b>				
<b>PROVISIONS POUR RISQUES ET CHARGES</b>			0	0
<b>Dettes financières</b>				
Emprunts obligataires			0	0
Emprunts et dettes auprès des établissements de crédit				
Emprunts et dettes financières diverses				
<b>Avances et acomptes reçus sur commandes en cours</b>				
<b>Dettes d'exploitation</b>				
Dettes fournisseurs et comptes rattachés		4.2	5 100	5 010
Dettes fiscales et sociales				
<b>Dettes diverses</b>				
Autres dettes			0	0
<b>Comptes de régularisation</b>				
Produits constatés d'avance				
<b>DETTES</b>		4.2	5 100	5 010
<b>Ecart de conversion passif</b>				
<b>TOTAL</b>			13 807	19 103



<b>SOCIETE</b> <b>C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## **2 - COMPTE DE RESULTAT**

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## 2.1 COMPTE DE RESULTAT (en liste)

Rubriques	€	Notes	31.12.2015	31.12.2014
<b>CHIFFRE D'AFFAIRES NET</b>		<b>4.3</b>	-	-
<b>PRODUITS D'EXPLOITATION</b>			-	-
Achats de matières premières et autres approvisionnements (et droits de douane)				
Variation de stock (matières premières et approvisionnements)				
Autres achats et charges externes			5 386	6 197
Impôts, taxes et versements assimilés				
Charges de personnel				
<b>DOTATIONS D'EXPLOITATION</b>				
Sur immobilisations : dotations aux amortissements				
Sur actif circulant : dotations aux provisions				
Pour risques et charges : dotations aux provisions				
Autres charges				
<b>CHARGES D'EXPLOITATION</b>	<b>4.4</b>		<b>5 386</b>	<b>6 197</b>
<b>RESULTAT D'EXPLOITATION</b>	<b>4.4</b>		<b>- 5 386</b>	<b>- 6 197</b>
<b>OPERATIONS EN COMMUN</b>				
Produits financiers de participations			-	-
Produits des autres valeurs mobilières et créances de l'actif immobilisé				
Autres intérêts et produits assimilés				
Reprises sur provisions et transferts de charges				
Différences positives de change				
Produits nets sur cessions de valeurs mobilières de placement				
<b>PRODUITS FINANCIERS</b>			-	-
Dotations financières aux amortissements et provisions				
Intérêts et charges assimilés			-	-
Différences négatives de change				
Charges nettes sur cessions de valeurs mobilières de placement				
<b>CHARGES FINANCIERES</b>			-	-
<b>RESULTAT FINANCIER</b>			-	-
<b>RESULTAT COURANT AVANT IMPOTS</b>			<b>- 5 386</b>	<b>- 6 197</b>
Produits exceptionnels sur opérations en capital			-	
Reprises sur provisions et transferts de charges				
<b>PRODUITS EXCEPTIONNELS</b>			-	-
Charges exceptionnelles sur opérations en capital			-	
Dotations exceptionnelles aux amortissements et provisions				
<b>CHARGES EXCEPTIONNELLES</b>			-	-
<b>RESULTAT EXCEPTIONNEL</b>			-	-
Impôts sur les bénéfices				
<b>TOTAL DES PRODUITS</b>			-	-
<b>TOTAL DES CHARGES</b>			<b>5 386</b>	<b>6 197</b>
<b>BENEFICE OU PERTE</b>			<b>- 5 386</b>	<b>- 6 197</b>

<b>SOCIETE</b> <b>C25</b>	Comptes annuels au 31 décembre 2015	
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## 3 - ANNEXE

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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Les comptes clos le 31 décembre 2015 ont été arrêtés par le conseil d'administration le 27 avril 2016.

### **3.1 FAITS MARQUANTS DE L'EXERCICE**

SOCIETE C25 est une société anonyme (« SA »). Elle a été immatriculée au RCS de Paris le 15 avril 2011 et a déclaré commencer son activité en 2014. Cependant, elle n'a pas encore eu l'occasion de prendre une participation.

La société a pour objet, en France et l'étranger :

- la prise de participation directe ou indirecte par acquisition ou souscription au capital de toutes sociétés et autres entités,
- et, généralement, de toutes opérations commerciales, financières, mobilières et immobilières se rattachant directement ou indirectement à son objectif spécifique ou aux activités exercées dans le groupe ou pouvant en faciliter la réalisation et en stimuler le développement.

Le siège social de SOCIETE C25. est situé au 69/71 rue de Miromesnil à Paris 75008.

### **3.2 PRINCIPES, REGLES ET METHODES COMPTABLES**

#### **3.2.1 Principes comptables**

Les comptes annuels ont été arrêtés conformément aux dispositions du règlement 2014-03 de l'Autorité des Normes Comptables homologué par arrêté ministériel du 8 septembre 2014 relatif au Plan Comptable Général.

Les conventions générales comptables ont été appliquées, dans le respect du principe de prudence, conformément aux hypothèses de base qui ont pour objet de fournir une image fidèle de l'entreprise :

- continuité de l'exploitation,
- permanence des méthodes d'un exercice à l'autre,
- indépendance des exercices,

et conformément aux règles générales d'établissement et de présentation des comptes annuels.

#### **3.2.2 Méthodes d'évaluation**

La méthode de base retenue pour l'évaluation des éléments inscrits en comptabilité est la méthode des coûts historiques.

La méthode d'évaluation n'a pas été modifiée par rapport à l'exercice précédent.

Les dettes sont évaluées pour leur valeur nominale.

#### **3.2.3 Société intégrée fiscalement**

Depuis sa création, SOCIETE C25 est intégrée fiscalement dans le périmètre d'intégration fiscale du Groupe EDF. Les modalités de traitement de l'intégration retenues par le Groupe EDF prévoient le paiement par la société de l'impôt sur les sociétés qui aurait grevé son résultat et/ou sa plus-value nette à long terme de l'exercice, si elle était imposable distinctement, déduction faite par conséquent de l'ensemble des droits à imputation dont la société aurait bénéficié en l'absence d'intégration fiscale.

<b>SOCIETE</b> <b>C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## 4 - INFORMATIONS BILAN ET RESULTAT

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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#### 4.1 CAPITAUX PROPRES

€	31.12.2014	Affectation résultat N-1 en Capitaux Propres	Distribution de dividendes	Résultat de l'exercice	Autres	31.12.2015
Capital social	37 000					37 000
Ecart de réévaluation						-
Réserve légale						-
Réserves indisponibles						-
Autres réserves						-
Acompte sur dividendes						-
Report à nouveau	-16 710	- 6 197			-	22 907
Résultat	-6 197	6 197		- 5 386	-	5 386
Subventions d'investissements						-
Provisions réglementées						-
<b>Capitaux propres</b>	<b>14 093</b>	<b>-</b>	<b>-</b>	<b>- 5 386</b>	<b>-</b>	<b>8 707</b>

##### 4.1.1 *Capital social*

Le capital social s'élève à 37 000 euros, réparti en 3 700 actions d'une seule catégorie et d'une valeur nominale de 10 €, elles-mêmes détenues comme suit :

- EDF 1 action
- Société C3 3 694 actions
- 5 personnes physiques 1 action par personne physique

Le capital est entièrement libéré.

##### 4.1.2 *Résultat de l'exercice*

La société a dégagé un résultat déficitaire pour l'exercice 2015 de 5 386 euros. Ce résultat représente l'enregistrement de frais d'actes, de frais bancaires ainsi que des honoraires de commissariat aux comptes et les services comptables du CSP-C.

#### 4.2 DETTES D'EXPLOITATION ET AUTRES DETTES

€	Degré d'exigibilité		31.12.2015	31.12.2014
	1 an au plus	plus d'un an		
Fournisseurs	-		-	2 400
Factures non parvenues	5 100		5 100	2 610
<b>Fournisseurs et comptes rattachés</b>	<b>5 100</b>		<b>5 100</b>	<b>5 010</b>
Avances et acomptes reçus				
Dettes sociales				
Dettes fiscales				
Produits constatés d'avance				
Autres dettes				-
<b>Autres dettes et comptes de régularisation</b>			<b>-</b>	<b>-</b>
<b>Dettes d'exploitation et autres dettes</b>	<b>5 100</b>		<b>5 100</b>	<b>5 010</b>

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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### 4.3 CHIFFRE D'AFFAIRES

L'activité de Société C25 n'a pas généré de chiffre d'affaires.

### 4.4 CHARGES D'EXPLOITATION

Elles sont constituées uniquement des « Autres achats et charges externes »

Rubriques	€	31.12.2015	31.12.2014
Achats de matières premières et autres approvisionnements (et droits de douane)			
Variation de stock (matières premières et approvisionnements)			
Autres achats et charges externes		5 386	6 197
Impôts, taxes et versements assimilés			
Charges de personnel			
<b>DOTATIONS D'EXPLOITATION</b>			
Sur immobilisations : dotations aux amortissements			
Sur actif circulant : dotations aux provisions			
Pour risques et charges : dotations aux provisions			
Autres charges			
<b>CHARGES D'EXPLOITATION</b>		<b>5 386</b>	<b>6 197</b>
<b>RESULTAT D'EXPLOITATION</b>		<b>- 5 386</b>	<b>- 6 197</b>

Le poste « Autres achats et charges externes » comprend :

- Les honoraires des commissaires aux comptes, frais et débours pour 2 700 euros
- Les frais d'actes pour 176 euros
- Les frais bancaires pour 110 euros
- Les prestations comptables (services du CSPC) pour 2 400 euros

Depuis sa création, la SOCIETE C25 ne compte aucun salarié dans ses effectifs.

Depuis le 1<sup>er</sup> janvier 2012, la comptabilité de la SOCIETE C25. est confiée à EDF – Direction des Services Partagés (DSP) – Centre de Services Partagés Comptabilité (CSPC), et les prestations rendues font l'objet d'une refacturation à la SOCIETE C25.

<b>SOCIETE</b> <b>C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## **5 - ENGAGEMENTS FINANCIERS, AUTRES INFORMATIONS**



<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2015</b>	
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## **5.1 EVENEMENTS POSTERIEURS A LA CLOTURE**

Aucun événement significatif n'est survenu entre la clôture comptable et l'arrêté des comptes.

## **5.2 HONORAIRES DES COMMISSAIRES AUX COMPTES**

Les honoraires des commissaires aux comptes relatifs aux prestations de l'exercice 2015 représentent 2 250 euros HT.



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# SOCIETE C25 S.A.

## **Rapport du commissaire aux comptes sur les comptes annuels**

Exercice clos le 31 décembre 2016  
SOCIETE C25 S.A.  
69-71 rue de Miromesnil - 75008 Paris  
*Ce rapport contient 17 pages*  
Référence : CP-171-21

KPMG S.A.,  
société française membre du réseau KPMG  
constitué de cabinets indépendants adhérents de  
KPMG International Cooperative, une entité de droit suisse

Société anonyme d'expertise  
comptable et de commissariat  
aux comptes à directoire et  
conseil de surveillance.  
Inscrite au Tableau de l'Ordre  
à Paris sous le n° 14-30080101  
et à la Compagnie Régionale  
des Commissaires aux Comptes  
de Versailles.

Sège social :  
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2 avenue Gambetta  
92066 Paris la Défense Cedex  
Capital : 5 497 100 €  
Code APE 6920Z  
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## **SOCIETE C25 S.A.**

Siège social : 69-71 rue de Miromesnil - 75008 Paris  
Capital social : € 2 571 437 820

### **Rapport du commissaire aux comptes sur les comptes annuels**

Exercice clos le 31 décembre 2016

Mesdames, Messieurs les actionnaires,

En exécution de la mission qui nous a été confiée par vos statuts, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2016, sur :

- le contrôle des comptes annuels de la société C25 S.A., tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- les vérifications et informations spécifiques prévues par la loi.

Les comptes annuels ont été arrêtés par le conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

## **1 Opinion sur les comptes annuels**

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes annuels. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

## 2 Justification des appréciations

En application des dispositions de l'article L.823-9 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

Les titres de participation, dont le montant net figurant au bilan s'établit à € 7 809 523 810 au 31 décembre 2016, sont évalués à leur coût d'acquisition et dépréciés sur la base de leur valeur d'utilité selon les modalités décrites dans la note « 3.2.2 – Immobilisations financières » du paragraphe « Principes, règles et méthodes comptables » de l'annexe aux comptes.

Sur la base des informations qui nous ont été communiquées, nos travaux ont consisté à apprécier les données sur lesquelles se fondent ces estimations, notamment à revoir l'actualisation des perspectives de rentabilité des activités concernées.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes annuels, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

## 3 Vérifications et informations spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par la loi.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration et dans les documents qui vous ont été adressés sur la situation financière et les comptes annuels.

En application de la loi, nous nous sommes assurés que les diverses informations relatives aux prises de participation et de contrôle vous ont été communiquées dans le rapport de gestion.

Paris La Défense, le 16 mars 2017

KPMG Audit  
~~Département de KPMG S.A.~~



Catherine Porta  
Associée

<b>SOCIETE</b> <b>C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 1 - BILAN

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 1.1 BILAN ACTIF

<b>ACTIF</b>	<b>€</b>	<b>Notes</b>	<b>Brut 31.12.2016</b>	<b>Amortissements et provisions 31.12.2016</b>	<b>Net 31.12.2016</b>	<b>Net 31.12.2015</b>
<b>CAPITAL SOUSCRIT NON APPELE</b>						
<b>ACTIF IMMOBILISE</b>						
<b>Immobilisations incorporelles</b>						
Applications informatiques et logiciels						
Fonds commercial						
Immobilisations incorporelles en cours						
Avances et acomptes sur Immobilisations incorporelles						
<b>Immobilisations corporelles</b>						
Terrains, agencements et aménagements de terrains						
Constructions, installations générales						
Installations techniques, matériels et outillages						
Autres immobilisations corporelles						
Immobilisations corporelles en cours						
Avances et acomptes						
<b>Immobilisations financières</b>						
Participations			7 809 523 810		7 809 523 810	-
Créances rattachées à des participations			-			
Prêts						
Autres immobilisations financières			-		-	-
<b>ACTIF IMMOBILISE</b>			<b>7 809 523 810</b>	<b>-</b>	<b>7 809 523 810</b>	<b>-</b>
<b>ACTIF CIRCULANT</b>						
<b>Stocks et en-cours</b>						
Matières premières, approvisionnements						
<b>Avances et acomptes versés sur commande</b>						
<b>Créances</b>						
Créances clients et comptes rattachés						
Autres créances					-	
<b>Valeurs Mobilières de placement</b>						
<b>Disponibilités</b>			149 393 490		149 393 490	13 807
<b>Comptes de régularisation</b>						
Charges constatées d'avance						
<b>ACTIF CIRCULANT</b>			<b>149 393 490</b>	<b>-</b>	<b>149 393 490</b>	<b>13 807</b>
Primes de remboursement des obligations						
Ecart de conversion actif						
<b>TOTAL</b>			<b>7 958 917 300</b>	<b>-</b>	<b>7 958 917 300</b>	<b>13 807</b>

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 1.2 BILAN PASSIF

<b>PASSIF</b>	<b>€</b>	<b>Notes</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>CAPITAUX PROPRES</b>				
<b>Capital social</b>		4.1.1	2 571 437 820	37 000
Primes d'apport			2 571 428 573	
<b>Ecart de réévaluation</b>				
<b>Réserves</b>				
Réserve légale				
Autres réserves				
Acompte sur dividendes				
<b>Report à nouveau</b>			-543	-22 907
<b>Résultat de l'exercice</b>		4.1.2	-4 060 420	-5 386
<b>Subventions d'investissement</b>				
<b>Provisions réglementées</b>				
<b>CAPITAUX PROPRES</b>		4.1	5 138 805 430	8 707
<b>Provisions pour risques et charges</b>				
<b>PROVISIONS POUR RISQUES ET CHARGES</b>			0	0
<b>Dettes financières</b>				
Emprunts obligataires			0	0
Emprunts et dettes auprès des établissements de crédit			2 820 000 000	
Emprunts et dettes financières diverses				
<b>Avances et acomptes reçus sur commandes en cours</b>				
<b>Dettes d'exploitation</b>				
Dettes fournisseurs et comptes rattachés		4.2	111 870	5 100
Dettes fiscales et sociales				
<b>Dettes diverses</b>				
Autres dettes			0	0
<b>Comptes de régularisation</b>				
Produits constatés d'avance				
<b>DETTES</b>		4.2	2 820 111 870	5 100
<b>Ecart de conversion passif</b>				
<b>TOTAL</b>			7 958 917 300	13 807

<b>SOCIETE</b> <b>C25</b>	Comptes annuels au 31 décembre 2016	
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## 2 - COMPTE DE RESULTAT



<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 2.1 COMPTE DE RESULTAT (en liste)

Rubriques	€	Notes	31.12.2016	31.12.2015
<b>CHIFFRE D'AFFAIRES NET</b>		<b>4.3</b>	-	-
<b>PRODUITS D'EXPLOITATION</b>			-	-
Achats de matières premières et autres approvisionnements (et droits de douane)				
Variation de stock (matières premières et approvisionnements)				
Autres achats et charges externes			4 060 420	5 386
Impôts, taxes et versements assimilés				
Charges de personnel				
<b>DOTATIONS D'EXPLOITATION</b>				
Sur immobilisations : dotations aux amortissements				
Sur actif circulant : dotations aux provisions				
Pour risques et charges : dotations aux provisions				
Autres charges				
<b>CHARGES D'EXPLOITATION</b>	<b>4.4</b>		<b>4 060 420</b>	<b>5 386</b>
<b>RESULTAT D'EXPLOITATION</b>	<b>4.4</b>		<b>- 4 060 420</b>	<b>- 5 386</b>
<b>OPERATIONS EN COMMUN</b>				
Produits financiers de participations			-	-
Produits des autres valeurs mobilières et créances de l'actif immobilisé				
Autres intérêts et produits assimilés				
Reprises sur provisions et transferts de charges				
Différences positives de change				
Produits nets sur cessions de valeurs mobilières de placement				
<b>PRODUITS FINANCIERS</b>			-	-
Dotations financières aux amortissements et provisions				
Intérêts et charges assimilées			-	-
Différences négatives de change				
Charges nettes sur cessions de valeurs mobilières de placement				
<b>CHARGES FINANCIERES</b>			-	-
<b>RESULTAT FINANCIER</b>			-	-
<b>RESULTAT COURANT AVANT IMPOTS</b>			<b>- 4 060 420</b>	<b>- 5 386</b>
Produits exceptionnels sur opérations en capital			-	
Reprises sur provisions et transferts de charges				
<b>PRODUITS EXCEPTIONNELS</b>			-	-
Charges exceptionnelles sur opérations en capital			-	
Dotations exceptionnelles aux amortissements et provisions				
<b>CHARGES EXCEPTIONNELLES</b>			-	-
<b>RESULTAT EXCEPTIONNEL</b>			-	-
Impôts sur les bénéfices				
<b>TOTAL DES PRODUITS</b>				
<b>TOTAL DES CHARGES</b>			<b>4 060 420</b>	<b>5 386</b>
<b>BENEFICE OU PERTE</b>			<b>- 4 060 420</b>	<b>- 5 386</b>

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 3 - ANNEXE

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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Les comptes clos le 31 décembre 2016 ont été arrêtés par le conseil d'administration.

### **3.1 FAITS MARQUANTS DE L'EXERCICE**

La SOCIETE C25 est une société anonyme (« SA »). Elle a été immatriculée au RCS de Paris le 15 avril 2011 et a déclaré commencer son activité en 2014.

La société a pour objet, en France et à l'étranger :

- la prise de participation directe ou indirecte par acquisition ou souscription au capital de toutes sociétés et autres entités,
- et, généralement, de toutes opérations commerciales, financières, mobilières et immobilières se rattachant directement ou indirectement à son objectif spécifique ou aux activités exercées dans le groupe ou pouvant en faciliter la réalisation et en stimuler le développement.

Le siège social de SOCIETE C25 est situé au 69/71 rue de Miromesnil à Paris 75008.

#### **PRISE EN CHARGE DE LA COMPTABILITE**

La comptabilité de C25 est confiée à EDF SA – Direction des Services Partagés (DSP) – Centre de Services Partagés Comptabilité (CSPC), et les prestations rendues font l'objet d'une refacturation à C25.

#### **PRISES DE PARTICIPATION**

- Prise de participation le 23 décembre 2016 dans la société RTE.  
A fin décembre 2016, la société C25 détient l'intégralité du capital social et des droits de vote de RTE suite aux deux opérations suivantes :
  - Apport par EDF à C25 d'actions représentant 65,85% du capital de RTE (140 418 814 actions RTE). Les titres apportés ont été évalués à 5 142 857 143 euros.
  - Cession par EDF à C25 de 34,15% des actions composant le capital de RTE (72 809 755 actions RTE) au prix 2 666 666 667 euros.  
C25 a financé cette acquisition par un prêt bancaire d'un montant de 2 820 000 000 euros.

#### **OPERATIONS SUR LE CAPITAL**

- Réduction du capital social en date du 23 décembre 2016 motivée par des pertes, d'un montant de 27 750 euros par réduction de la valeur nominale des actions pour les ramener de 10 euros à 2,50 euros.
- Augmentation de capital en date du 23 décembre 2016 souscrite intégralement par la société EDF pour un montant de 2 571 428 570 euros.  
En rémunération de l'apport des titres RTE par EDF, C25 a émis 1 028 571 428 actions nouvelles :
  - 1 028 571 424 actions ordinaires d'une valeur nominale de 2,50 euros.
  - 4 actions de préférence d'une valeur nominale de 2,50 euros.

Le montant du capital social de C25 est ainsi été porté de 37 000 euros à 2 571 437 820 euros.

La différence entre la valeur de l'apport (5 142 857 143 euros) et le montant total de l'augmentation de capital (2 571 428 570 euros) constitue une prime d'apport d'un montant de 2 571 428 573 euros.

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 3.2 PRINCIPES, REGLES ET METHODES COMPTABLES

### 3.2.1 *Principes comptables*

Les comptes annuels ont été arrêtés conformément aux dispositions du règlement de l'ANC n° 2016-07 du 4 novembre 2016 homologué par arrêté du 26 décembre 2016, modifiant le règlement n° 2014-03 du 5 juin 2014 relatif au plan comptable général.

Les conventions générales comptables ont été appliquées, dans le respect du principe de prudence, conformément aux hypothèses de base qui ont pour objet de fournir une image fidèle de l'entreprise :

- continuité de l'exploitation,
- permanence des méthodes d'un exercice à l'autre,
- indépendance des exercices,

et conformément aux règles générales d'établissement et de présentation des comptes annuels.

### 3.2.2 *Méthodes d'évaluation*

La méthode de base retenue pour l'évaluation des éléments inscrits en comptabilité est la méthode des coûts historiques.

Les titres immobilisés figurent au bilan à leur coût d'acquisition ou à leur valeur comptable d'origine. La valeur d'inventaire des titres immobilisés est appréciée en fonction de la quote-part de la situation nette détenue (éventuellement retraitée), des perspectives de rentabilité et du potentiel économique de la filiale considérée.

La méthode utilisée pour déterminer la Valeur Nette Comptable des titres sortis de l'actif est la méthode du FIFO

Les dettes sont évaluées pour leur valeur nominale.

La méthode d'évaluation n'a pas été modifiée par rapport à l'exercice précédent.

### 3.2.3 *Société intégrée fiscalement*

Depuis sa création, C25 est intégrée fiscalement dans le périmètre d'intégration fiscale du Groupe EDF. Les modalités de traitement de l'intégration retenues par le Groupe EDF prévoient le paiement par la société de l'impôt sur les sociétés qui aurait grevé son résultat et/ou sa plus-value nette à long terme de l'exercice, si elle était imposable distinctement, déduction faite par conséquent de l'ensemble des droits à imputation dont la société aurait bénéficié en l'absence d'intégration fiscale.

### 3.2.4 *Exemption de publication de comptes consolidés*

Les comptes consolidés d'EDF S.A. dans lesquels la société C25 est incluse, sont établis en conformité avec les articles L.233-16 à L.233-28. Les comptes de l'ensemble le plus grand sont certifiés par un professionnel indépendant chargé du contrôle des comptes, publiés et mis à disposition des actionnaires ou des associés de la société exemptée dans les conditions et dans les délais prévus aux articles R.225-88 et R225-89.

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 4 - INFORMATIONS BILAN ET RESULTAT

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 4.1 ACTIF IMMOBILISE

Les immobilisations financières sont composées des éléments suivants :

€	31.12.2015	Augmentation	Diminution	31.12.2016
Titres de participation	-	7 809 523 810		7 809 523 810
Créances rattachées à des participations				
Autres immobilisations financières	-	-		-
<b>Immobilisations financières brutes</b>	<b>-</b>	<b>7 809 523 810</b>	<b>-</b>	<b>7 809 523 810</b>
Provisions		-		-
<b>Immobilisations financières nettes</b>	<b>-</b>	<b>7 809 523 810</b>	<b>-</b>	<b>7 809 523 810</b>

Tableau des filiales et participations

Filiales et Participations	CAPITAL (en €)	Capitaux Propres autres que le capital	Quote part du Capital détenue (%)	Valeur comptable des titres détenus			Prêts et Avances consentis par la société et non encore remboursés	Montant des cautions et avals donnés par la société	Chiffre d'affaires H.T. du dernier exercice écoulé	Résultats (Bénéfice ou Perte du dernier exercice clos)	Dividendes reçus par C25
				Nombre	Brute	Nette					
RTE	2 132 286 000	2 973 199 000	100%	39 104	7 809 523 810	7 809 523 810	0	0	4 446 301 000	403 038 000	-

## 4.2 DISPONIBILITES

Au 31 décembre 2016, les disponibilités présentent un montant de 149 393 490 euros.

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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### 4.3 CAPITAUX PROPRES

€	31.12.2015	Affectation résultat N-1 en Capitaux Propres	Distribution de dividendes	Résultat de l'exercice	Autres	31.12.2016
Capital social	37 000				2 571 400 820	2 571 437 820
Primes d'apport					2 571 428 573	2 571 428 573
Réserve légale						-
Réserves indisponibles						-
Autres réserves						-
Acompte sur dividendes						-
Report à nouveau	-22 907	5 386			27 750	543
Résultat	-5 386	5 386		- 4 060 420		- 4 060 420
Subventions d'investissements						-
Provisions réglementées						-
<b>Capitaux propres</b>	<b>8 708</b>	<b>-</b>	<b>-</b>	<b>- 4 060 420</b>	<b>5 142 857 143</b>	<b>5 138 805 430</b>

#### 4.3.1 *Capital social*

Le capital social s'élève à 2 571 437 820 euros, réparti en 1 028 575 124 actions ordinaires et 4 actions de préférence d'une valeur nominale de 2,50 €, elles-mêmes détenues comme suit :

- EDF	1 028 575 123 actions ordinaires et 4 actions de préférences
- Société C3	1 action ordinaire

Le capital est entièrement libéré.

#### 4.3.2 *Résultat de l'exercice*

La société a dégagé un résultat déficitaire pour l'exercice 2016 de 4 060 420 euros.

Ce résultat représente l'enregistrement de frais d'actes, de frais bancaires ainsi que des honoraires de commissariat aux comptes et les services comptables du CSP-C.

### 4.4 DETTES FINANCIERES

Les dettes financières d'un montant de 2 820 000 000 euros sont constituées d'un prêt relais bancaire souscrit pour l'acquisition des titres RTE. .

Rubriques	Degré d'exigibilité		31.12.2016	31.12.2015
	1 an au plus	Plus d'un an		
Emprunts et dettes auprès des établissements de crédit	2 820 000 000		2 820 000 000	0
<b>Dettes financières</b>	<b>2 820 000 000</b>	<b>0</b>	<b>2 820 000 000</b>	<b>0</b>

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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#### 4.5 DETTES D'EXPLOITATION ET AUTRES DETTES

€	Degré d'exigibilité		31.12.2016	31.12.2015
	1 an au plus	plus d'un an		
Fournisseurs	83 070		83 070	
Factures non parvenues	28 800		28 800	5 100
<b>Fournisseurs et comptes rattachés</b>	<b>111 870</b>		<b>111 870</b>	<b>5 100</b>
Avances et acomptes reçus				
Dettes sociales				
Dettes fiscales				
Produits constatés d'avance				
Autres dettes				-
<b>Autres dettes et comptes de régularisation</b>			-	-
<b>Dettes d'exploitation et autres dettes</b>	<b>111 870</b>		<b>111 870</b>	<b>5 100</b>

#### 4.6 CHIFFRE D'AFFAIRES

L'activité de C25 n'a pas généré de chiffre d'affaires.

#### 4.7 CHARGES D'EXPLOITATION

Elles sont constituées uniquement des « Autres achats et charges externes »

Rubriques	€	31.12.2016	31.12.2015
Achats de matières premières et autres approvisionnements (et droits de douane)			
Variation de stock (matières premières et approvisionnements)			
Autres achats et charges externes		4 060 420	5 386
Impôts, taxes et versements assimilés			
Charges de personnel			
<b>DOTATIONS D'EXPLOITATION</b>			
Sur immobilisations : dotations aux amortissements			
Sur actif circulant : dotations aux provisions			
Pour risques et charges : dotations aux provisions			
Autres charges			
<b>CHARGES D'EXPLOITATION</b>		<b>4 060 420</b>	<b>5 386</b>
<b>RESULTAT D'EXPLOITATION</b>		<b>- 4 060 420</b>	<b>- 5 386</b>

Le poste « Autres achats et charges externes » comprend :

- Les honoraires des commissaires aux comptes, frais et débours pour 22 318 euros
- Les frais d'actes pour 1 269 euros
- Les frais bancaires et émissions d'emprunt 4 022 433 euros
- Les prestations comptables (services du CSPC) pour 14 400 euros

Depuis sa création, C25 ne compte aucun salarié dans ses effectifs.



<b>SOCIETE C25</b>	Comptes annuels au 31 décembre 2016	
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## 5 - ENGAGEMENTS FINANCIERS, AUTRES INFORMATIONS

<b>SOCIETE C25</b>	<b>Comptes annuels au 31 décembre 2016</b>	
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## 5.1 EVENEMENTS POSTERIEURS A LA CLOTURE

Aucun événement significatif n'est survenu entre la clôture comptable et l'arrêté des comptes.

## 5.2 HONORAIRES DES COMMISSAIRES AUX COMPTES

Les honoraires des commissaires aux comptes relatifs aux prestations de l'exercice 2016 représentent 22 200 euros.

## DESCRIPTION OF RTE

### INFORMATION ABOUT RTE

#### 1. General Information about RTE Réseau de transport d'électricité

The legal and commercial name of RTE is "RTE Réseau de transport d'électricité". RTE Réseau de transport d'électricité is also commercially known as "Réseau de Transport d'Electricité" and "RTE".

RTE was registered under the name "RTE EDF Transport" at the Trade and Companies Registry of Nanterre (*Registre du Commerce et des Sociétés de Nanterre*) under reference number 444 619 258 RCS Nanterre. By a resolution of the general shareholders' extraordinary meeting held on 24 January 2012, RTE was renamed "RTE Réseau de transport d'électricité".

RTE Réseau de transport d'électricité is a limited liability company (*société anonyme*) with an Executive Board (*directoire*) and a Supervisory Board (*conseil de surveillance*) governed by the laws and regulations applicable to commercial companies in France, in particular, the French *Code de commerce*, unless these are not applicable because of more specific laws, such as the French Energy Code (*Code de l'énergie*), French law no. 83-675 dated 26 July 1983 and the French order no. 2014-948 dated 20 August 2014 relating to the governance and capital transactions of companies with State interests (*relative à la gouvernance et aux opérations sur le capital des sociétés à participation publique*) and by RTE's by-laws (*statuts*) approved by Decree no. 2005-1069 dated 30 August 2005 (as amended from time to time and for the last time in the RTE Réseau de transport d'électricité shareholders' meeting on 28 August 2015). The registered office of RTE Réseau de transport d'électricité is Tour Initiale, 1 Terrasse Bellini TSA 41000, 92919 Paris, La Défense Cedex. RTE Réseau de transport d'électricité's telephone number is +33 (0)1 41 02 19 29 and its website is [www.rte-france.com](http://www.rte-france.com).

##### (a) History and development of RTE Réseau de transport d'électricité

##### (i) Definitions and purposes of the various entities involved in the history and development of RTE Réseau de transport d'électricité

##### C5

C5 was a limited liability company (*société anonyme*) registered at the Trade and Companies Registry of Bobigny (*Registre du Commerce et des Sociétés de Bobigny*) under the reference number 444 619 258 for a term of 99 years beginning on 23 December 2002. C5 had for its purpose, in France and abroad, the direct or indirect taking of holdings in all forms of companies and other corporate entities by way of acquisition or subscription, and more generally all operations of a commercial, financial, real estate or personal property nature either directly or indirectly related to its primary purpose or to the activities of the EDF group or otherwise contributing to or facilitating its development.

C5 was the legal entity used by EDF for the transfer of the electricity transmission network operation business to a separate legal entity as required by the Law dated 9 August 2004.

C5 was renamed RTE EDF Transport on 1 September 2005 following the completion of the partial contribution of assets (*apport partiel d'actifs*) from EDF to C5 of public electricity transmission network equipment and assets of any kind which belonged to EDF and were related to the activity of electricity transmission.

**RTE** *Réseau de Transport d'Electricité ("RTE")* was an internal division of EDF created on 1 July 2000 following the enforcement of French law no. 2000-108 dated 10 February 2000 which required the unbundling of the accounts and separation of management between EDF and its electricity transmission network operation business.

RTE's activity was transferred from EDF to C5 (which was renamed RTE EDF Transport) on 1 September 2005 following the completion of the partial contribution of assets from EDF to C5.

**RTE EDF Transport / RTE Réseau de transport d'électricité** RTE Réseau de transport d'électricité is a limited liability company (*société anonyme*) previously named C5 and then RTE EDF Transport. RTE Réseau de transport d'électricité was re-registered at the Trade and Companies Registry of Nanterre (*Registre du Commerce et des Sociétés de Nanterre*) under reference number 444 619 258 RCS Nanterre (following the transfer of its head office from St Denis to La Défense). By a resolution of the general shareholders' extraordinary meeting held on 24 January 2012, RTE EDF Transport was renamed "RTE Réseau de transport d'électricité".

Since 1 September 2005 (date of the completion of the partial contribution of assets from EDF to C5), RTE Réseau de transport d'électricité is the owner of public electricity transmission network equipment and assets of any kind which belonged to EDF and were related to the activity of electricity transmission.

Since 23 December 2016 RTE Réseau de transport d'électricité is a wholly owned subsidiary of CTE, as described below.

**EDF** Electricité de France ("**EDF**") is a limited liability company (*société anonyme*) registered at the Trade and Companies Registry of Paris (*Registre du Commerce et des Sociétés de Paris*) under reference number 552 081 317 for a period of 99 years from 20 November 2004.

EDF managed directly the French high and extra high voltage transmission system from 1946 to 2000. On 1 July 2000, EDF created RTE, an independent internal entity responsible for managing the high and very high voltage public electricity network, which became RTE Réseau de transport d'électricité (an independent legal entity) on 1 September 2005. EDF was the sole shareholder of RTE Réseau de transport d'électricité until 23 December 2016, date on which it transferred all of its shares in RTE Réseau de transport d'électricité to CTE.

**CTE** CTE is a limited liability company (*société anonyme*) registered at the Trade and Companies Registry of Paris (*Registre du Commerce et des Sociétés de Paris*) under reference number 529 313 652 for a period of 99 years from 15 April 2011.

CTE was initially owned by EDF until 31 March 2017 and is now held by EDF (50.1% of the share capital), Caisse des Dépôts et

Consignations (29.9% of the share capital) and CNP Assurances (20.0% of the share capital). Please refer to "History and development of RTE Réseau de transport d'électricité - Reorganisation of the shareholding structure of RTE Réseau de transport d'électricité" below for further details.

(b) EDF and the creation of RTE

Until 1 July 2000, the French high and extra high voltage transmission system was managed as an internal part of EDF, which simultaneously generated the electricity, distributed it and sold it to all its customers. EDF was created in 1946 as a public industrial and commercial company ("**EPIC**") and transformed into a French *société anonyme* (a form of limited liability company) pursuant to Law dated 9 August 2004 and Decree no. 2004-1224 dated 17 November 2004. Today, EDF is an integrated energy company operating in a wide range of related businesses: generation, transmission, distribution, supply and trading of energy. EDF is the main operator in the French electricity market and one of the leading electricity groups in Europe.

The creation of RTE (*Gestionnaire du Réseau de Transport d'Electricité*), on 1 July 2000, is a direct consequence of Law no. 2000-108 dated 10 February 2000 relating to the French electricity market. This regulation resulted from European market legislation aimed at establishing common rules in the European Economic Community (EEC) concerning generation, transmission, distribution and supply of electricity, and to set forth procedures for the organisation and operation of the electricity sector, rules for access to the market, criteria and procedures applicable to network operations and the distribution and granting of licences.

In particular, European directive 96/92/EC of the European Parliament and the European Council dated 19 December 1996, relating to common rules for the domestic electricity market stated that:

- (i) where the transmission system operator is part of a "vertically integrated undertaking" (an entity performing two or more of the functions of generation, transmission and distribution of electricity), the management of the transmission system shall be independent at least in terms of its business plan, from other activities not related to transmission; and
- (ii) electricity undertakings shall, in their internal accounting, keep separate accounts for each of their transmission and distribution activities as they would be required to do if the activities in question were carried out by separate undertakings, with a view to avoiding discrimination, cross subsidisation and distortion of competition.

Law no. 2000-108 dated 10 February 2000 on the modernisation and development of the public electricity service (as codified in the French Energy Code by Order no. 2011-504 dated 9 May 2011), which implemented European directive 96/92/EC, provides for the opening of the French electricity market and the independence the transmission system operator within EDF.

RTE was set up on 1 July 2000 as a division of EDF, with independent accounts, management and finances, and has operated as such since that date.

(c) Transformation of RTE into a subsidiary of EDF

The creation of RTE Réseau de transport d'électricité

In accordance with the European directive of 26 June 2003 (relating to common rules for the internal market in electricity and repealing Directive 96/92/EC), Law dated 9 August 2004 on the public service of gas and electricity and gas and electricity companies, provides that RTE had to be transformed into a limited liability company and that it must be wholly owned by EDF, the French State and/or any other body or company belonging to the public sector.

Pursuant to this law and in accordance with French spin-off laws (*régime des scissions*), EDF entered into an agreement on 30 June 2005 for the partial contribution of assets (*apport partiel d'actifs*) to its wholly-owned non-operating subsidiary, a company known as C5 (which was later renamed RTE EDF Transport by Decree no. 2005-1069 on 30 August 2005). C5 was a limited liability company (*société anonyme*) registered at the Trade and Companies Registry of Bobigny (*Registre du Commerce et des Sociétés de Bobigny*) under the reference number 444 619 258 for a term of 99 years beginning on 23 December 2002.

In accordance with Law dated 9 August 2004, this agreement provides for EDF's contribution to C5 of public electricity transmission network equipment and assets of any kind which belonged to EDF and were related to the activity of electricity transmission, as well as EDF's rights, authorisations and obligations and any contracts entered into by it, regardless of their nature, so long as they were related to the activity of managing a public electricity transmission network, as such equipment, goods, rights, authorisations, obligations and contracts existed on the date of the contribution.

Pursuant to Law dated 9 August 2004, this transfer did not result in any modification of contracts or their provisions, and did not result in the payment of any debt that may have resulted or been required as a consequence.

The partial contribution of assets from EDF to C5 and the capital increase of C5 became effective on 1 September 2005 following:

- the by-laws of RTE EDF Transport (which was subsequently renamed RTE Réseau de transport d'électricité), a French *société anonyme* with an Executive Board and Supervisory Board, being approved by Decree no. 2005-1069 on 30 August 2005;
- the EDF extraordinary shareholders' meeting of 31 August 2005 approving the contribution of EDF assets to C5; and
- the C5 extraordinary shareholders' meeting held on 1 September 2005 also approving this contribution.
- In accordance with Article L. 236-16 of the French *Code de commerce*, the findings of the appraisers (*commissaires à la scission*) who were appointed in the context of this contribution were as follows:
  - (i) the value of the contributions, amounting to €4,029,920,372, was not overvalued and, as a result, the net assets contributed were at least equal to the amount of the transferee company's capital increase, increased by a contribution premium; and
  - (ii) the payment proposed for the contribution, resulting in the issuance of 213,224,869 C5 shares, was fair.

The contribution of EDF's electricity transmission activity by partial asset contribution to RTE Réseau de transport d'électricité resulted in the removal of the assets and liabilities transferred to RTE Réseau de transport d'électricité from the balance sheet of EDF's statutory accounts, retroactive as at 1 January 2005. These contributions, evaluated at their net book value of approximately €4 billion, were reflected in EDF's balance sheet as shareholdings for an equivalent value. However, because the financing of the public electricity transmission system operator was carried out by a portion of EDF's numerous credit lines, none of which was specifically dedicated to the financing of this activity, such portion of EDF's liabilities were not transferred to RTE Réseau de transport d'électricité. Instead, in accordance with Article 9 of Law no. 2004-803 of 9 August 2004, RTE Réseau de transport d'électricité recorded a single financial liability vis-à-vis EDF of approximately €7

billion in its balance sheet, corresponding to the financial debt reflected in RTE Réseau de transport d'électricité's most recent independent financial statements.

In accordance with Article 3 of French decree n°2010-1673 dated 29 December 2010 and following approval by the Board of Directors of EDF on 14 December 2010, EDF allocated 50 per cent. of its shares in RTE Réseau de transport d'électricité to the French State to a portfolio of assets to cover the cost of decommissioning nuclear installations. In this context, the French State required a concomitant change in the composition of RTE Réseau de transport d'électricité's supervisory board in order for the French State to be able to exercise its rights effectively. This has resulted in an increase in the representatives of the French State in the supervisory board to four, which makes the number of EDF and employee representatives on that board equal. EDF therefore no longer has a majority on the Supervisory Board of RTE Réseau de transport d'électricité. This has resulted in a change in the method of consolidation of RTE Réseau de transport d'électricité's accounts in EDF's accounts, from a on a full integration basis (*intégration globale*) to an equity accounting method (*mise en équivalence*).

The European Commission's efforts to strengthen the independence of transport networks operators was further apparent with the enactment of Directive 2009/72/EC dated 13 July 2009 concerning common rules for the internal electricity market and the repealing of Directive 2003/54/EC.

Directive 2009/72/EC sets out the general rule of ownership unbundling between electricity transport network operators and "vertically integrated undertakings" ("VIU"). Nevertheless there are two alternatives to this rule:

- the ISO model (Independent System Operator); and
- the ITO model (Independent Transmission Operator).

The Directive 2009/72/EC was transposed into French law by French Order no. 2011-504 dated 9 May 2011 which codifies the legislative part of the French Energy Code. This French Order has chosen the ITO model which allows EDF to remain RTE Réseau de transport d'électricité's sole shareholder.

However, as a consequence, RTE Réseau de transport d'électricité's rule of independence and that of its staff have been strengthened, notably with regards to the relationships between RTE Réseau de transport d'électricité and the VIU, and the powers of the *Commission de régulation de l'énergie* (the "CRE") have been extended. In addition, a compliance officer has been designated by RTE Réseau de transport d'électricité to ensure the compliance with these independence rules. The independence rules governing the relationships between RTE Réseau de transport d'électricité and the VIU are described in the French Energy Code.

Under the provisions of the French Energy Code (in particular Article L111-3), the CRE has certified by a decision dated 26 January 2012 that RTE Réseau de transport d'électricité complies with the obligations set out by the independence rules described in the French Energy Code.

#### ***Development of RTE Réseau de transport d'électricité***

With its new found independence from the VIU, RTE Réseau de transport d'électricité's intention has been to refinance its financial debt vis-à-vis EDF with external financing. This EMTN Programme forms part of RTE Réseau de transport d'électricité's external financing programme. In 2007, RTE Réseau de transport d'électricité also established a French commercial paper programme (*billets de*

*trésorerie*) for a maximum amount of €1,500,000,000 (or the equivalent in other currencies). The French commercial paper programme has been rated "A-1" by Standard & Poor's.

On 29 January 2009, RTE Réseau de transport d'électricité entered into a €400 million financing agreement with the European Investment Bank (the "EIB"). As at 31 December 2009, RTE Réseau de transport d'électricité had used €200 million of the EIB facility. On 22 October 2010, RTE Réseau de transport d'électricité made a drawdown for a nominal amount of €100 million and on 26 September 2011, it made an additional drawdown for a nominal amount of €100 million. This drawdown brings the total amount borrowed from the EIB to €400 million.

RTE Réseau de transport d'électricité entered into:

- (i) two financing agreements with the EIB on 6 October 2011 and 26 January 2012 for a total amount of €175 million in relation to the construction of a new high voltage power interconnector between France and Spain. On 16 December 2013, RTE Réseau de transport d'électricité made a drawdown for a nominal of €100 million on the first financing and €50 million on the second financing;
- (ii) two financing agreements with the EIB, respectively on 20 March 2013 and 24 April 2014, for a total amount of €500 million in relation to the financing of several development projects concerning the transmission of high and very high voltage in France over the period 2012-2016. RTE Réseau de transport d'électricité made a drawdown for an amount of €200 million on 8 December 2013, a drawdown for an amount of €100 million on 23 July 2014 and a drawdown for an amount of €200 million on 24 July 2015; and
- (iii) a financing agreement with the EIB on 26 June 2015 for a total amount of €500 million which aims to finance the reinforcement of supply security, electricity quality and the contribution of the electricity grid in the framework of the energy transition, over 35 projects.

On 21 June 2016, it entered into a new €1.5 billion revolving credit facility (with a final maturity date on 21 June 2021) with a syndicate of banks. The maturity date of this revolving credit facility is 21 June 2021 (subject to two one-year extension options exercisable at the request of RTE Réseau de transport d'électricité, with the consent of the relevant banks).

For the period 2017-2020, RTE Réseau de transport d'électricité's programme of investment is expected to total approximately €5.7 billion and will contribute significantly to public investment. RTE Réseau de transport d'électricité's investments over this period are (or will be) made in a context of important financial needs to address challenges related to energy transition. The French electrical power transmission network of RTE Réseau de transport d'électricité is an essential element for new electricity productions such as offshore wind farm, European energy integration with expansion of cross-border capacities for electricity exchanges, operational safety of electricity networks and power quality for consumer markets and other territories.

On 3 April 2017, Standard & Poor's Credit Market Services France S.A.S. ("S&P") lowered from "A+" to "A" (with stable outlook) the long-term corporate credit rating on RTE Réseau de transport d'électricité. S&P justified such downgrade by the reorganisation of the shareholding structure of RTE Réseau de transport d'électricité (see the paragraph "Reorganisation of the shareholding structure of RTE Réseau de transport d'électricité" below) partly financed by a bridge loan of €2.8 billion. Such debt will be supported by RTE Réseau de transport d'électricité's cash flow



generation in S&P's opinion on the basis of which S&P has adopted a consolidated view of RTE Réseau de transport d'électricité and CTE under which the reorganisation of the shareholding structure of RTE Réseau de transport d'électricité has led to increase its external debt by €2.8 billion.

S&P is established in the European Union and is registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended and is included in the list of registered credit rating agencies published at the website of the European Securities and Markets Authority ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)).

***Reorganisation of the shareholding structure of RTE Réseau de transport d'électricité***

On 14 December 2016, EDF, Caisse des Dépôts et Consignations and CNP Assurances entered into a binding agreement setting the terms and conditions of the acquisition by Caisse des Dépôts et Consignations and CNP Assurances of a 49.9% indirect stake in RTE Réseau de transport d'électricité (respectively 29.9% for Caisse des Dépôts et Consignations and 20.0% for CNP Assurances), as well as the modalities of a long-term partnership to foster the development of RTE Réseau de transport d'électricité and strengthen its public service remit (the "**RTE Acquisition and Partnership Agreement**").

The RTE Acquisition and Partnership Agreement was entered into following the joint press release dated 22 April 2016 of the French Minister of Finance and Public Accounts and the Minister of Economy, Industry and Digital, requesting that the chairmen of RTE Réseau de transport d'électricité and EDF define a capital opening scheme to be implemented before the end of 2016 in order to give RTE Réseau de transport d'électricité the means to develop a new and ambitious business strategy for energy transport projects in France and in Europe, in line with its public service requirements, and for EDF to finance its development projects.

In accordance with the RTE Acquisition and Partnership Agreement, the final agreed value of RTE Réseau de transport d'électricité equity was set at €8.2 billion (for 100% of the equity) and EDF will potentially benefit from a value complement of up to €100 million.

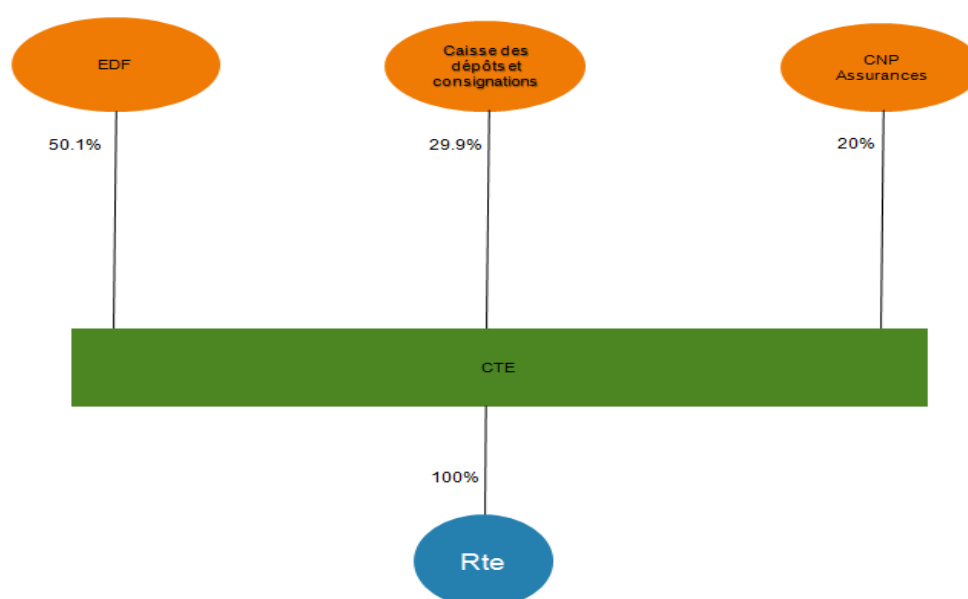
The RTE Acquisition and Partnership Agreement provided that the reorganisation of the shareholding structure of RTE Réseau de transport d'électricité would occur on the basis of the following two-step approach:

- (i) step 1: transfer by EDF of 100% of the shares in RTE Réseau de transport d'électricité to CTE (this transfer occurred on 23 December 2016 and was partly financed with external debt); and
- (ii) step 2: acquisition by Caisse des Dépôts et Consignations and CNP Assurances of a combined 49.9% stake in CTE (29.9% by Caisse des Dépôts et Consignations and 20.0% by CNP Assurances). This acquisition took place on 31 March 2017 (following approval from the relevant merger control authorities).

As a result of the above, RTE Réseau de transport d'électricité is now a wholly owned subsidiary of CTE, which is held by EDF (50.1% of the share capital), Caisse des Dépôts et Consignations (29.9% of the share capital) and CNP Assurances (20.0% of the share capital) since 31 March 2017.

Articles L. 594-1 *et seq.* of the French Environment Code (*Code de l'environnement*) and its implementing regulations require assets (known as "dedicated assets") to be allocated by EDF to a portfolio in order to secure the financing of nuclear plant decommissioning expenses and long-term storage expenses for radioactive waste. These dedicated assets must be clearly identified and managed separately from EDF's other financial assets and investments. Decree n°2007-243 dated 23 February 2007 relating to the securing of funding for nuclear expenses (as amended from time to time) contains a list of assets which are eligible as dedicated assets. Decree n°2016-1781 dated 19 December 2016 amended Decree n°2007-243 dated 23 February 2007 to allow the allocation of EDF's participation in CTE to the portfolio of dedicated assets to the portfolio of dedicated assets subject to certain conditions being met.

Below is a diagram describing the shareholding of RTE Réseau de transport d'électricité after the reorganisation as described above:



#### The RTE Group

RTE Réseau de transport d'électricité is the parent company of five companies controlled exclusively by RTE Réseau de transport d'électricité (and which are fully consolidated in the consolidated annual financial statements of RTE Réseau de transport d'électricité), two jointly-controlled companies (a "joint-venture") which is proportionally consolidated, and two companies in which RTE Réseau de transport d'électricité exercises significant influence (associates) which are accounted for under the equity method. All these economic entities are collectively referred to as the "**RTE Group**".

The five companies controlled exclusively by RTE Réseau de transport d'électricité are:

- Arteria, which markets:
  - optical fibres constructed by RTE,
  - stand-alone radio transmitters or power system towers which have been pre-equipped to host operators' mobile telephone facilities for lower-cost broadband supply to the final customer, as a complement to the use of optical fibres;
- RTE International (RTE I), which provides engineering, consulting and other services in all areas of an electricity transmission network operator's business;

- Airtelis, which provides services using one or more helicopters, and supplies products and equipment to enhance RTE Réseau de transport d'électricité's assets and/or skills (including operations, heliborne transport, and helicopter leases);
- RTE Immo, which operates directly or through investments in *sociétés civiles immobilières* (French real estate partnerships), mainly for acquisition, management, administration and sale of real estate properties and rights, execution of work on real estate properties to enhance their value, and provision of real estate services;
- Cirteus which provides services, studies, trainings and advice in the competitive sector of the market in maintenance, operation and development of high-voltage and very high-voltage electricity installations, and was created in September 2014.

RTE Réseau de transport d'électricité owns INELFE (INterconnexion ELectrique France–Espagne) jointly with REE (Red Eléctrica de España SAU). The corporate purpose of INELFE was amended to refer to the building of any new electricity transmission line to increase interconnection capacity between the French and Spanish transmission networks.

RTE Réseau de transport d'électricité owns IFA 2 jointly with National Grid IFA 2 Limited (a subsidiary of National Grid, the English TSO). The corporate purpose of IFA 2 is to build an electricity transmission line to increase interconnection capacity between the French and the United Kingdom transmission networks.

The RTE Group's associates companies are:

- the holding company HGRT (Holding des Gestionnaires de Réseau de Transport d'électricité), a French limited company<sup>2</sup> which since the beginning of 2015 holds a participation in EPEX, a company in charge of the stock exchange for the power spot markets; and
- Coreso, a Belgian company which supplies safety assessments and designs coordinated preventive or corrective solutions to control the safety of the electricity system covering the west of Europe.

RTE Réseau de transport d'électricité holds the entire share capital of Arteria, RTE International, AIRTELIS, RTE Immo and Cirteus, and holds 34% of the issued share capital of HGRT, 50% of the issued share capital of INELFE, 50% of the issued share capital of IFA 2 and 16.67% of the issued share capital of CORESO.

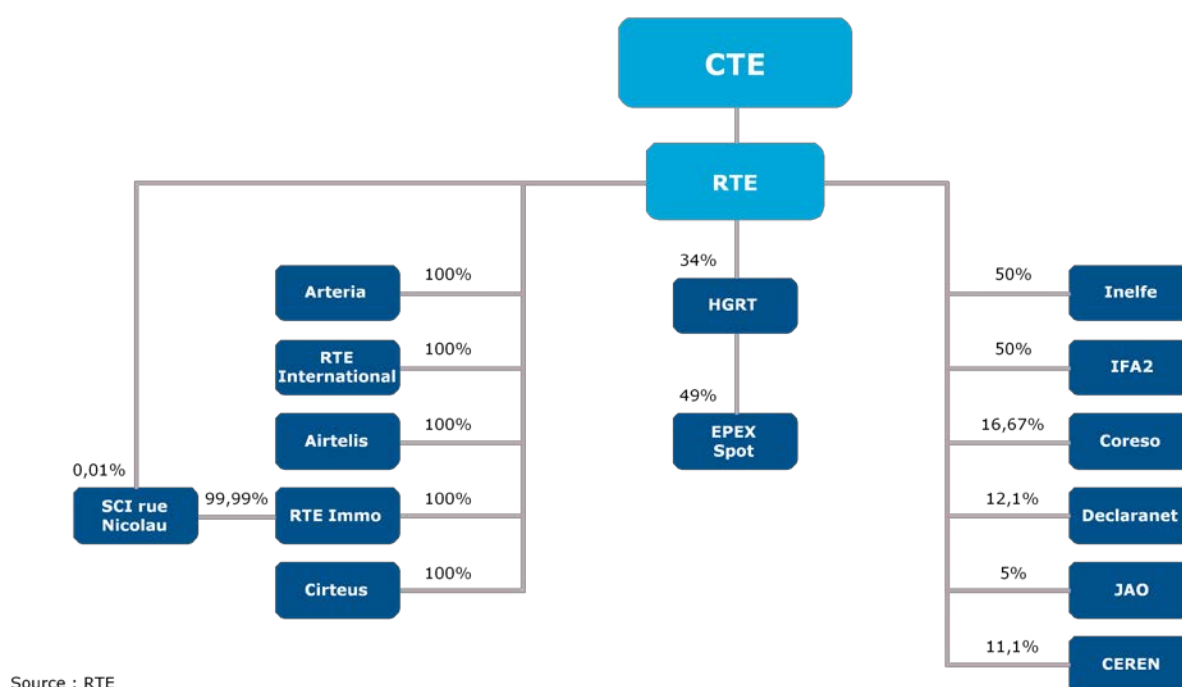
RTE Réseau de transport d'électricité also holds 5% of the issued share capital of JAO (which performs early, monthly and daily auctions of electricity transmission rights on 27 borders in Europe), and 12.1% of DECLARANET (whose main activity is to contribute to the safety of people and assets, and to the protection of infrastructures in the context of the building electricity infrastructures).

References to RTE Réseau de transport d'électricité in this section shall, where applicable, include the RTE Group.

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<sup>2</sup> Simplified joint stock company (SAS: *Société par Actions Simplifiée*)

Chart of the CTE group of companies as at 31 March 2017



(d) Corporate purpose of RTE Réseau de transport d'électricité

In accordance with Article 3 of its by-laws, the corporate purpose of RTE Réseau de transport d'électricité is as follows:

- (i) the carrying out in France, in accordance with the conditions set out in the responsibility specifications of the public transmission network concession (*cahier des charges de la concession du réseau public de transport*), of the objectives given to it by Law no. 2000-108 dated 10 February 2000, in particular: the development, operation, and maintenance of the public electricity transmission network, notably ensuring that users are connected to and have access to the network on a non-discriminatory basis, in addition to interconnection with neighbouring countries;
- (ii) balancing, at all times, the flow of electricity on the public transmission network, in addition to ensuring the safety, security and efficiency of the network;
- (iii) the indirect management, via joint ventures or subsidiaries, in France and in other Member States of the European Union or of the European Free Trade Association, of electricity and gas transmission networks;
- (iv) the development of the networks under its management, via its subsidiaries or joint ventures, subject to the conditions that such development is incidental to network management, does not receive financial support, and that RTE Réseau de transport d'électricité is not able to give security or guarantees of any kind for the benefit of its activity;
- (v) the development of its expertise, notably in the field of engineering, via subsidiaries or joint ventures, subject to the condition that this activity remains incidental to the business of managing transmission networks;
- (vi) the management of companies in connection with power exchanges in order to facilitate the creation of internal market of electricity; and

- (vii) the participation to the identification and analysis of actions to control electricity demand, when such actions are likely to promote the balanced flow of electricity on the public transport network and an effective management of the public transport network.

## BUSINESS OVERVIEW OF RTE

### 1. Business overview and principal activities

#### General

- (a) RTE Réseau de transport d'électricité is the operator of the French electrical power transmission network which it also owns, maintains and develops. As such, it principally performs the following three functions:
  - (i) manages power flows: RTE Réseau de transport d'électricité is responsible for the supply/demand balance and makes adjustments, manages electricity flows and manages access rights to international interconnections, in collaboration with neighbouring network operators. It mobilizes reserves and compensates for losses. It makes the necessary accounting adjustments and resolves imbalances;
  - (ii) manages the transmission infrastructure: RTE Réseau de transport d'électricité operates and maintains the public transmission network and is responsible for its development, for minimizing costs for the community and for ensuring the safety of the system, people and property; and
  - (iii) guarantees access to the transmission network: RTE Réseau de transport d'électricité enters into contracts with transmission network users on the basis of network access tariffs and in accordance with rules of non-discrimination.

In addition, Article L111-46 of the French Energy Code authorises RTE Réseau de transport d'électricité to participate in the identification and the analysis of any action proposed to be taken to control electricity supply, to the extent that such action may encourage a balance of supply and / or demand.

#### (b) Public service commitments

##### (i) Legal definition of public service in France

The fundamental principles of public service (*service public*), adaptability, continuity and equality of access, were set forth in Articles L121-1 *et seq.* of the French Energy Code, which apply to all operators of such public service.

##### (ii) Public service objectives for electricity

The purpose of the public service is to guarantee electricity supplies across France, in the interest of the general public. In the context of energy policy, public services relating to electricity contribute to the independence and security of the supply, air quality and the effort to reduce the greenhouse effect, optimum management and development of national resources, demand-side management, the competitiveness of the economic business and managing future technological options as to the rational use of energy.

By guaranteeing the right to electricity for all without exclusion, the public service commitments also contribute to social harmony and to the balanced development of the territory, while respecting the environment, to research and technological progress, as well as to defence and public security.

The right to electricity, which is an essential product, is implemented through public services. Public services are managed in accordance with the principles of equality,

continuity and adaptability, and in the best conditions of safety, quality, costs, price and economic, social and energy efficiency.

Public services relating to electricity ensure the balanced growth of the electricity supply, the development and operation of the public electricity transmission and distribution networks.

(c) Responsibility of developing and operating the public transmission network

Developing and operating the public electricity transmission network consists of ensuring reliable and efficient service in continental France, while respecting the environment, and ensuring interconnection with neighbouring countries, together with connection and access, under non-discriminatory conditions, to the public transmission network.

(d) The public service contract

The purpose of the public service contract entered into on 24 October 2005 between the French State, EDF and RTE Réseau de transport d'électricité was to constitute the framework, for an undetermined length of time (as Law dated 9 August 2004 did not set a fixed term, but rather simply provided that a report be presented to the French Parliament every three years) for the public service missions entrusted to EDF and RTE Réseau de transport d'électricité by the French State. This agreement sets forth the commitments of EDF and RTE Réseau de transport d'électricité initially over the 2005 to 2007 period and specifies the terms of compensation for public service obligations. Beyond this period, modifications made to the contract will take into account the three-year implementation report to be presented to the French Parliament and possible changes in the regulatory or legislative framework. The contract also provides that, in the event that difficulties arise with respect to the implementation of the measures relating to the compensation of additional costs incurred by virtue of executing the contract, the French State, EDF and RTE Réseau de transport d'électricité agree to meet as soon as practicable in order to adjust the financial balance of the public service commitments entrusted to EDF and RTE Réseau de transport d'électricité.

The public service contract seeks, in particular, to reaffirm the public service commitments in the electricity sector within the context of EDF's transformation into a French limited liability company (*société anonyme*) and the transformation of RTE into a subsidiary of EDF, in order to clearly define the financing of public service commitments in order to preserve them in the long term. The contract thereby constitutes a guarantee of public service commitments within the context of the opening of the electricity markets in which EDF and RTE Réseau de transport d'électricité operates, particularly in France.

The network operators, ENEDIS ("**ENEDIS**") and RTE Réseau de transport d'électricité, have undertaken obligations in the public service contract with respect to the management of the public networks and the safety of the electricity system. These obligations will be financed by the network usage tariff. ENEDIS is a limited liability company (*société anonyme*) responsible for operating the electricity distribution network in metropolitan France with an Executive Board (*directoire*) and a Supervisory Board (*conseil de surveillance*). In accordance with the French Energy Code, ENEDIS's main activities are notably to define and implement the operating, investment and development policies of the distribution networks.

These commitments relate, in particular, to network safety, the quality of supply, the safety of third parties and the protection of the environment, which are four areas where the expectations of customers and local authorities are particularly high. In particular, RTE Réseau de transport d'électricité will spend an amount decreasing from €159 million in 2015 to €3 million in 2017 on a network mechanical strengthening programme, aimed at reinforcing the ability to withstand strong windstorms.

(e) Code of good conduct (*Code de bonne conduite*)

Article L111-22 of the French Energy Code provides that RTE Réseau de transport d'électricité must set out in a code of good conduct the internal organisational measures it has

taken against the risks of discriminatory practices against third parties in relation to access to the network.

The implementation of this code forms the object of an annual report, drawn up and made public by RTE Réseau de transport d'électricité, addressed to the CRE.

The code of good conduct published on 26 January 2012 by RTE Réseau de transport d'électricité is structured around four principles:

- (i) guaranteeing non-discrimination in relation to access to the electricity transmission network;
- (ii) ensuring transparency in relation to the CRE, EDF and users of the network;
- (iii) maintaining the confidentiality of commercially sensitive information provided by users of the network;
- (iv) ensuring its staff obligations and commitments in relation to these obligations; and
- (v) attesting RTE Réseau de transport d'électricité's independence.

A report on the implementation of the code of good conduct is published annually by RTE Réseau de transport d'électricité and is made available to the public on its website.

- (f) Public transmission network concession (*cahier des charges de concession du réseau public de transport*)

RTE Réseau de transport d'électricité pursues its objectives within the framework set out in the responsibility specifications of the public transmission networks concession approved by Decree of the *Conseil d'Etat* in accordance with Article L321-2 of the French Energy Code, following the recommendation of the CRE.

Decree no. 2006-1731 dated 23 December 2006 approved the public transmission network concession framework. The public transmission network concession was conditional on the signature of a concession agreement (*contrat de concession du réseau public de transport*) between the French State and RTE Réseau de transport d'électricité which was signed on 30 October 2008. The public transmission network concession will expire on 31 December 2051. No later than five years before the concession expiration date, RTE Réseau de transport d'électricité will request from the minister in charge of the energy sector a renewal of its concession.

## 2. **RTE Réseau de transport d'électricité's main source of revenues: Tariffs for Using the Public Electricity Transmission Network (*Tarifs d'Utilisation des Réseaux Publics de Transport d'électricité* or "TURPE")**

- (a) Third-party access to the networks

Article L111-91 I of the French Energy Code provides that network operators must guarantee access to the public transmission and distribution networks in order to:

- (i) ensure the public service missions relating to the supply of electricity;
- (ii) ensure that the electricity purchase contracts are performed; and
- (iii) ensure that the electricity export agreements entered into by a generator or by a supplier to purchase electricity for resale in metropolitan France and the overseas departments are performed.

- (b) Electricity delivery tariffs

Electricity delivery tariffs ("**TURPE**") are invoiced when the public transmission and distribution networks are used. Independent of the electricity supplier, these tariffs are based on the "postage stamp" principle, *i.e.*, the tariffs do not take distance of delivery into account. The tariffs do, however, take into account the connection conditions and the amount of power used, and therefore comply with the principle of tariff equalisation: customers with the same characteristics (same connection voltage and same power used) pay the same tariff, regardless of where they are located and who supplies them.

TURPE is a cost-based system, which covers pre-determined costs and the remuneration of invested capital.

Articles L341-1 *et seq.* of the French Energy Code lays down the principles for setting TURPE. Pursuant to Article L341-3 of the French Energy Code, the CRE deliberates on tariffs evolutions. The CRE transmits its deliberations to the Ministers in charge of Energy and Economy relating to tariffs evolutions. These deliberations are published in the Official Journal of the French Republic (*Journal officiel de la République française*).

Each of the Ministers in charge of Economy and of Energy has the right to request for a new deliberation within a two-month period following receipt of the deliberations issued by the CRE. In this respect, the deliberation dated 17 November 2016 in relation to TURPE for the period from August 2017 to July 2021 ("**TURPE 5 Period**") issued by the CRE was published in the Official Journal of the French Republic (*Journal officiel de la République française*). They became effective on 28 January 2017.

The main characteristics of the TURPE 5 Period are the following:

- it applies for four years, from 1 August 2017;
- as of 1 August 2017, it will be increased by 6.76 % compared with 2016 for 2 main reasons:
  - the renewal of an exceptional discount for electro intensive consumers, pending the entry into force of the provisions of law no. 2015-992 on energy transition for green growth (article 157 creating a new article L341-4-2 of the French Energy Code) with a compensation in tariffs from August 2016 and economic neutrality for RTE;
  - the end of getting tariff revenues lower than costs on the same period, to compensate extra revenues of regulation periods "TURPE 2" (2006-2009) and "TURPE 3" (2009-2013);
- the CRE decided to renew for the TURPE 5 Period (beginning in 2017) an exceptional discount for electro intensive consumers (which was introduced in 2014) with a compensation in tariffs from August 2016 and economic neutrality for RTE. This exceptional discount will apply each year since it has been codified in the French Energy Code by the French law no. 2015-992 relating to energy transition for green growth (*relative à la transition énergétique pour la croissance verte*) (and in particular article 157 of French law 2015-992 creating a new article L341-4-2 of the French Energy Code);
- an annual adjustment of the tariff linked to retail price index (*indice des prix à la consommation*) and the recovery of the "account to regulate costs and revenues" (*Compte de Régulation des Charges et des Produits* or "**CRCP**") limited between -2% and 2%;
- all forecasted costs are covered, plus a remuneration of the Regulated Asset Base ("**RAB**") at a weighted cost of capital ("**WACC**") at 6.125% (nominal before tax);



- some change in the perimeter of CRCP "account to regulate costs and revenues", compared to TURPE 4: mainly interruptibility charges, part of cost of reserves under certain conditions, rewards/penalties of reinforced incentive regulation. Depreciation and RAB remuneration for investments not related to the network are no more in the CRCP, but actual costs of these investments will be included in the RAB at the end of the regulation period.

The perimeter of the CRCP is mainly the following:

- the expenses related to compensation for losses on the grids;
- certain expenses related to interconnection management, namely international congestion costs and net outsourced costs related to management fees for interconnection capacity allocation mechanisms, provided they can be audited;
- expenses related to the net book value of decommissioned fixed assets;
- income received for all tariff components;
- income related to congestion management mechanisms at transmission grid interconnections with neighbouring countries. This income is net of all compensation paid by RTE in the event of a reduction in interconnection capacity;
- income related to contracts between Transmission System Operators (TSOs);
- financial incentives related to the various incentive-based regulation mechanisms described below;
- R&D operating expenses (only if costs are below budget);
- capital expenses except for investments non related to the grid;
- interruptibility charges;
- charges for new exempted interconnections;
- endless studies costs;
- compensations to electricity distribution system operators for long outages above €15 million.

There are several incentive regulation schemes:

- a modified bonuses / penalty system (*système de bonus/malus*) on supply quality, limited to €45 million a year, on the basis of the average outage duration and frequency of power cuts;
- gains and losses on operating costs, compared with reference costs are kept by RTE Réseau de transport d'électricité;
- an incentive mechanism on interconnection investments, based on the four following criteria: incentive for carrying out investments useful to the community, incentive for carrying out investments at the best cost, incentive for optimal operation of the interconnection and incentive for carrying out investments within the shortest possible time period. The financial incentives on interconnection investments is a bonus/penalty incentive system with maximum penalty costs limited to 1% of WACC applied to the investment;

- a new incentive mechanism on investments over €30 million, with a bonus/penalty system if cost investments are under 90% or over 110% of a target budget audited by CRE. Bonus will be 20% of under costs and penalties 20% of over costs. Actual costs of investments are always included in the RAB;
- a new incentive mechanism on investments non related to the grid, with no ex-post adjustment with CRCP (as operational charges);
- a new bonus / penalty system on price purchase and volume to compensate grid losses;
- a new incentive regulation on balancing reserves, 50% of saving on reference costs are kept by RTE Réseau de transport d'électricité.

### 3. **Transmission of electricity: the network operated by RTE Réseau de transport d'électricité**

The French Energy Code states that the network operator is responsible for maintaining, operating and developing the electricity transmission system, and is the owner of its industrial assets, which include all assets operated at a voltage higher or equal to 50 kiloVolt ("kV").

With 105,660 km of high and very high voltage circuits and 50 cross-border power lines, the French transmission network is the largest in Europe. RTE Réseau de transport d'électricité's geographic position places it at the heart of the European electricity market. The total energy carried by the RTE Réseau de transport d'électricité network in 2016 reached 517 Terawatt hour ("TWh") and represented 93.8% of the total electricity generated in and imported into France in 2016 (the rest related to self-generation and the electricity produced by generators connected directly to the distribution network).

#### (a) Technical characteristics

The table below sets forth the technical characteristics of the RTE Réseau de transport d'électricité network as of 31 December 2016 and takes into account the impact of Article R321-4 of the French Energy Code, which modified the breakdown between (i) the public transmission network (*Réseau Public de Transport*, or "**RPT**") comprised by the public transmission network and facilities operated at a voltage greater than or equal to 50 kV and managed by RTE Réseau de transport d'électricité and (ii) the public distribution networks (*Réseaux Publics de Distribution*, or "**RPD**") comprised by of the public transmission network and facilities operated at a voltage lower than 50 kV and notably managed by ENEDIS.

	400kV	225 kV	150 kV	90 kV	63 kV	<= 45kV	Total
Operating and non-operating Tower lines (km)	13,626	21,686	962	14,190	30,737	186	81,387
Operating Overhead circuits (km)	22,024	25,517	959	16,475	34,898	330	100,203
Operating Underground circuits (km).	5	1,354	2	912	3,100	84	5,457
Total circuits.	22,029	26,871	961	17,387	37,998	414	105,660
Substations (1) (number)	159	562	26	561	1,395	7	2,710

	400kV	225 kV	150 kV	90 kV	63 kV	<= 45kV	Total
Transformers (number)	307	858	26	26	24	0	1,241
Transformer power (Mega-volt-ampere, "MVA")	138,822	94,282	1,379	1,215	795	0	236,493

Note:

- (1) Figures for operating substations where RTE Réseau de transport d'électricité owns at least one set of busbars and/or bays.

Several categories of users are connected to this network (as of 31 December 2016):

- (i) 628 electricity generation power plants: nuclear power stations, conventional thermal plants, hydroelectric power stations, renewable energy installations, including wind farms;
- (ii) distributors: ENEDIS, as distribution network operator, and 27 Local Distribution Companies; and
- (iii) 534 industrial user sites, with electricity requirements that are such that they need to be supplied directly by the transmission network.

The network is also connected to the transmission networks of neighbouring countries. The table below sets forth the interconnections existing as of 31 December 2016:

	320kV DC(*)	270kV DC(*)	400 kV	225 kV	150 kV	90 kV	63 kV
Number of circuits	2	4	17	14	4	3	6

(\*) Direct Current.

- (b) Transmitted volumes

The table below sets forth a simplified evaluation of energy flow on the RTE Réseau de transport d'électricité's network over 2013, 2014, 2015 and 2016:

TWh	2013	2014	2015	2016 (provisional)
Net energy withdrawn (including energy withdrawn for pumping and losses)	457.0	426.9	431	436,9
Physical exports (net balance).	48.7	67.6	64,1	41,9
<b>Net energy Generated in France</b>	505.7	494.5	495,1	478,8

In 2016, the total net energy withdrawn in the network amounted to 436.9 TWh (+1.4% compared to 2015). In 2016 the total energy transmitted on the RTE Réseau de transport

d'électricité network represented 93.8% of the total energy generated in and imported to France (the rest related to self-generation and the electricity produced by generators connected directly to the distribution network).

#### 4. **Power flow management**

##### (a) Generation/consumption balance

As electricity cannot be stored in significant quantities, RTE Réseau de transport d'électricité ensures, on a permanent basis, that the electricity network is balanced, which entails the exact match between supply and demand for electricity in real time (see also, "Balancing mechanism" below).

##### (b) Balancing mechanism

In accordance with the rules on scheduling, the balancing mechanism and the balance responsible entities established by RTE Réseau de transport d'électricité, the "scheduling responsible entities" (generators, traders, etc.) notify RTE Réseau de transport d'électricité, the day before for the following day, of the quantity of electricity they intend to transmit on the network, its origin (identification of the different generation capabilities and imports, block exchanges), its destination (distributors or industrial groups connected directly to the transmission network, exports, block exchanges) and the times during which the electricity will be on the network. The programme responsible entities can alter these parameters during 24 slots. RTE Réseau de transport d'électricité ensures the operation of the network on the basis of these notifications, but it must be able to compensate for uncertainties that affect this balance (consumption imbalances, generation unit outages, damaged transmission lines, etc.) by immediately increasing or reducing energy reserves. Market operators offer these reserves to RTE Réseau de transport d'électricité in the form of "balancing offers", which incorporate price and usage conditions. Depending on its requirements, RTE Réseau de transport d'électricité uses the available offers on the basis of financial precedence. The mechanism is designed for all parties, whether they are generators, traders or electricity consumers, whose business is characterised by flexibility. They benefit from this flexibility by adjusting their production or by reducing their consumption.

The balancing mechanism accommodates the uncertainties affecting the network. During 2016, 7.6 TWh, which is 1.6% of French consumption, was used to restore balance. Competition has played a major role, even across borders, as 41% of upwardly adjusted energy originates from neighbouring countries. The balancing mechanism was conceived, put in place and improved in order to guarantee the security of the electricity network. It constitutes the principal tool available to RTE Réseau de transport d'électricité to manage the hazards likely to affect the balance between generation and consumption. In the event of unforeseeable situations, other tools, such as the contract of mutual assistance between operators of the European transmission networks are also available to restore the balance of the transmission network.

##### (c) Imbalance calculation

RTE Réseau de transport d'électricité has tailored its balance responsible system in response to the opening up to competition of the market for non-household customers on 1 July 2004. The imbalances of each balance responsible entity are calculated, first, from real load curves obtained through remote meter readings by RTE Réseau de transport d'électricité and the distributors and, second, by load curves estimated from profiling techniques.

The estimated load curves must then be re-adjusted to correspond, first, to the overall flow withdrawn from the public transmission network by the distribution networks and, second, to readings taken from the meter indexes.

This system is based on strict cooperation between RTE Réseau de transport d'électricité and the distributors which exchange large amounts of information.

(d) Cost allocation

The costs corresponding to the balancing offers activated by RTE Réseau de transport d'électricité as a result of negative imbalances are passed on to the balance responsible entities (generators, traders, suppliers, etc.) proportionately, based on their imbalance. RTE Réseau de transport d'électricité financially compensates the balance responsible entities for positive imbalances.

(e) Interconnections

RTE Réseau de transport d'électricité manages access to international interconnections in collaboration with the transmission system operators of neighbouring European countries.

The European electricity transmission networks are interconnected, and ensure that energy can be transmitted from one country to another. These interconnections are used to ensure the operating safety of the electricity transmission networks (e.g., using neighbouring generators and transmitters to compensate for a major generating or transmission unit outage in France) and to develop the European electricity market by enabling an electricity supplier to sell its energy to a customer in another country in the European Union. Moreover, these interconnections, by working on the basis of price differences between national markets and time differences between peak-loads on different sides of borders, enable generation capabilities to be better shared at a European level.

(f) Allocation of exchange capacities

Electricity flows across the European network according to the laws of physics rather than according to the relevant underlying sales transactions. Only the balance of one country's electricity flow can be monitored, not bilateral physical exchanges. Thus, a business exchange from France to Germany actually uses the networks of France, Belgium, The Netherlands, Germany, Switzerland and even Italy and Austria. It will use part of the capacity of all interconnection installations between France and its neighbours in continental Europe. The decision to allocate export capacity from France to Germany therefore involves other decisions concerning export or import capacities with other countries, or even between these countries.

In addition to this "spatial interdependence" of capacities between countries, there is the issue of sequencing the decisions needed to implement a sales transaction. The opening up of the markets has led operators to request the implementation of practical methods that would enable them to transfer electrical energy from one country to another in a way that is compatible with wholesale market transactions. The operating method used ensures that the decisions to authorise an exchange (made by the network operators) and the decisions to purchase or sell energy on the markets (made by the generators or retailers) are coordinated.

This method is based on the notion of contractual exchange capacity. Due to the interactions between the different decisions to allocate capacities and the difference between these decisions and the transactions made on the wholesale markets, this notion of contractual capacity can be quite different from the real physical flow of energy on the networks. This problem has led network operators to adopt safety margins in order to guarantee the contractual transmission capacity available to the market. These margins are, in part, managed through redispatching: RTE Réseau de transport d'électricité purchases schedule modifications of generating plants that are needed to resolve network constraints, thereby giving participants the opportunity to export additional volumes by settling the additional costs generated by these schedule modifications.

Capacity, evaluated on the basis of the issues set forth above, must be shared among those requesting it. Since the opening up of the market, the capacity offered is insufficient to satisfy demand. As a result, approximately only 20% of the demand to export to Great Britain was satisfied in 2016.

RTE Réseau de transport d'électricité, whenever possible with the agreement of the transmission system operator of the neighbouring country concerned, must therefore define appropriate allocation methods, within the scope of a consultation with all interested participants and with a view, in particular, to:

- (i) satisfying the market operators consulted through the Committee of Electricity Transmission Network Users (*Comité des Utilisateurs du Réseau de Transport d'Electricité*, or "**CURTE**"), which was put in place when RTE Réseau de transport d'électricité was created, as well as through satisfaction surveys or special forums;
- (ii) defining methods of allocating and using capacities in strict cooperation with the operators of neighbouring networks according to principles and rules defined by the competent authorities; and
- (iii) obtaining the formal approval of the CRE. It should also be noted that the CRE itself consults market operators regarding the evolution of the exchange capacity allocation systems and must also reach an agreement with the competent regulatory authority of the neighbouring country.

The mechanisms implemented for evaluating and allocating contractual exchange capacities are completely transparent. The methods used by RTE Réseau de transport d'électricité to evaluate these capacities are published on its Internet site ([www.rte-france.com](http://www.rte-france.com)), in addition to demand forecasts, the capacities requested, offered and allocated, the effects of network installation outages and the effects of these outages on the balancing mechanism.

RTE Réseau de transport d'électricité promotes the development of interconnection capacities in Europe (particularly France-England, France-Spain and France-Italy).

(g) System of financial compensation between transmission system operators

In the past, each country applied a network access tariff for imports and exports. On 1 March 2002, the Cross Border Trade mechanism introduced by the European Transportation Systems Organization (ETSO), the European association of transmission networks, came into force. This mechanism eliminated "fees" at the borders and implemented a financial compensation system between the participating transmission system operators. With this financial compensation system, network operators that carry international transmissions on their networks receive compensation from the operators of the networks where the transmission activity begins or finishes.

For the period from June to December 2007, 27 countries (Austria, Belgium, Switzerland, Luxembourg, Germany, Spain, France, Italy, The Netherlands, Portugal, Slovenia, Greece, Sweden, Denmark, Finland, Norway, Poland, Hungary, Albania, Bulgaria, the former Yugoslavian Republic of Macedonia, Montenegro, Romania, Serbia, Bosnia and Herzegovina, Estonia, Croatia) entered into a new compensation agreement, called Interim "**ITC**" (Inter Transmission System Operator Compensation) clearing and settlement agreement. This agreement was intended to implement the provisions of European Regulation 1228/2003 on conditions for access to the network for cross-border exchanges in electricity.

In October 2007, 33 countries agreed on a new ITC mechanism for the period 2008 and 2009. The TSOs of Czech Republic, Ireland, Latvia, Lithuania, Slovakia and United Kingdom have decided to join the 27 countries who are already signatories of the 2007 agreement.

The 41 TSOs members of the European Network of Transmission System Operators for Electricity (ENTSO-E) from 34 countries have reached a voluntary agreement on the inter-TSO compensation (ITC) mechanism, which came into force on 3 March 2011 (as amended and/or replaced from time to time). Compensation is for transmission losses and infrastructure costs and is based on the so-called "With and Without Transit model". A framework fund, which has been set at €100 million per annum, is used for compensation of the latter.

As provided by the regulation EC 838/2010 "on laying down guidelines relating to the inter-transmission system operator compensation (...)", the amount of the infrastructure compensation fund of the ITC agreement was to be assessed in March 2013 by the Agency for the Cooperation of Energy regulators and remained unchanged. The total cost of ITC mechanism for RTE can increase or decrease if the European Commission increases or decreases the ITC infrastructure fund.

(h) Volumes exchanged

In 2016, the volume of blocks of energy exchanged between balance responsible entities on the French market increased. As compared to 2015, block exchange notifications increased by 10% in volume but decreased by 11% in quantity. The volumes offered averaged 45 TWh per month.

Number of contracts in force (as of 31 December 2016):

	2014	2015	2016
<b>Access to international connections</b>			
Number of contracts for adherence to the public network access rules	151	155	150
Number of import transactions	865	887	699
Number of export transactions	984	1,004	807
<b>Balance responsible entities</b>			
Number of balance responsible entities	192	195	191
Number of block exchange notifications	2,184	2,354	2,105
Volume of energy exchanged between balance responsible entities (in TWh)	328	492	541

The total volume of imports and exports decreased by 16.6 TWh in 2016 as compared to 2015 because of a decrease of exports (-21%) and despite an increase of imports (+10%).

	2012	2013	2014	2015	2016
Imports	29.3	32.2	27.3	29.6	32.6
Exports	73.5	79.4	92.4	91.3	71.7
<b>Total</b>	102.8	111.6	119.7	120.9	104.3
<b>Export balance</b>	44.2	47.2	65.1	61.7	39.1

## 5. Management of the transmission infrastructure

(a) Maintenance

RTE Réseau de transport d'électricité is responsible for maintaining the transmission network, through everyday maintenance, emergency repairs and the renewal of installations that are at the end of their service lives or that are damaged.

Following the storms of 1999, RTE Réseau de transport d'électricité implemented a "mechanical strengthening programme", which should cover a period of approximately 15

years. Undertaken with numerous external subcontractors, the programme's objective is to strengthen the mechanical resistance of overhead lines to enable them to withstand wind speeds of up to 150 km/hr and to transform or install 14,000 "anti-cascade" towers in order to prevent a domino effect when faced with higher wind speeds. RTE Réseau de transport d'électricité devoted close to €150 million per annum to roll out the programme. Such amount of operational expenses has been progressively increased to reach approximately €200 million per year from 2010 to 2014 followed by a decrease up to €100 million in 2016. In its expected completion year, 2017, the mechanical strengthening programme will amount to €90 million.

Network safety also includes protecting vegetation and creating suitably sized forest clearances. In order to achieve the best balance between preserving the woodland surrounding the installations and network safety, RTE Réseau de transport d'électricité is developing a programmed vegetation work management plan (*Gestion Programmée des Interventions sur la Végétation*, or "GPIV"). This plan, which associates the mapping of installations and their surroundings to the growth models of various trees, permits the forward-looking and predictive management of forest clearances.

Finally, RTE Réseau de transport d'électricité is developing and maintaining an independent telecommunications safety network for transmitting protection and telecontrol information. The excess capacities of this safety network are sold by Arteria subsidiary.

After being deployed on command-control devices and high voltage equipment in substations, the reliability-based approach for maintenance optimisation was adopted for the overhead lines and monitoring operations were redefined in 2003, with the dual objective of reducing cost and improving awareness of infrastructures. In-depth behaviour studies also extended the lifespans of certain measurement transformers and circuit breakers. This optimisation policy also involves power control systems, in particular the telecontrol systems, which are essential for controlling the uncertainties faced by the network. RTE Réseau de transport d'électricité reached an important step in 2003, with the completion of the new national power control system and an information exchange gateway. These new tools improve the visibility of RTE Réseau de transport d'électricité dispatchers on the interconnection networks and provide them with modern methods of communicating with the control centers of bordering countries to enable them to better integrate themselves into the operation of the European electricity network in particular with operational data provided to CORESO (Coordination of Electricity System Operators), a company owned by RTE Réseau de transport d'électricité, Elia, National Grid, Terna and 50Hertz, whose activities started on 16 February 2009.

(b) Development and renewal of the transmission network

The electricity system is beginning a profound evolution of its usages. In order to perpetuate its role in the future, RTE Réseau de transport d'électricité upgrades its network to:

- (i) Ensure solidarity between territories by connecting areas presenting a generation surplus to high consumption areas (big cities, coastal areas),
- (ii) Host the new generation mix, by allowing the development of renewable generation thanks to the regional plans for RES connection to the network ("S3REnR") and connection of offshore wind parks,
- (iii) Develop interconnectors in order to allow consumers to benefit from the European generation mix,
- (iv) Ensure the reliability of the network, thanks to investments limiting the occurrence, the magnitude and the consequences of incidents.

Two thirds of grid investments are made on the existing network, thus limiting the impact on territories. New assets are mainly needed for the energy transition and for hosting the new French and European generation mix.



RTE Réseau de transport d'électricité's ambition is to develop digital technologies that will enable to optimize its decisions in terms of management, maintenance and evolution of the network. Their deployment is inseparable from high-voltage infrastructures.

In 2016, the total amount of investment was €1,519 million which is an increase of 117 million over the previous year.

(c) New infrastructures 2016

During 2016:

- Substations

24 new substations were connected to the RTE Réseau de transport d'électricité's network: four 400 kV substations (including two substations with already 225 kV voltage level), thirteen 225 kV substations (for new producers, new consumers, or merely for transmission needs), as well as seven 90 kV or 63 kV substations,

Moreover, around 1,090 MVA of additional transformer capacity were installed in 2016.

- Overhead lines and underground cables

938 km of new circuits including:

- 400 kV: (167 km)
  - partial replacement of conductors on existing 400 kV overhead lines between Montélimar and Lyon
  - new 400 kV circuits for connecting to the network the above-mentioned 400 kV new substations
- 225 kV: 213 km (including 67 km of underground cables)
  - new 225 kV circuits for connecting to the network the above-mentioned 225 kV new substations
  - partial replacement of conductors on existing 225 kV overhead lines
- 150 kV, 90 kV and 63 kV: 557 km (including 384 km of underground cables).

(d) Tax

The new projects will give rise to recurring taxes (known as the "taxe pylône") each year to be paid by RTE Réseau de transport d'électricité to French municipalities through the French State if towers are located on the territory of French municipalities. For the 2016 financial year, RTE Réseau de transport d'électricité paid a tax in respect of the towers amounting to €253 million (€246 million in 2015). Moreover, the substations are subject to different taxes, including mainly property tax (€32 million in 2015 and €35 million in 2016) and new taxes replacing professional tax (Territorial Economic contribution and transformers tax) ((€82 million in 2015 and €83 million in 2016).

(e) Supply quality

RTE Réseau de transport d'électricité guarantees the continuity and quality of the supply of electricity transmitted on its network.

The main indicators used for measuring electricity supply continuity to RTE Réseau de transport d'électricité customers are the long supply interruption (more than three minutes)

frequency, the short supply interruption (between one second and three minutes) frequency and the equivalent supply interruption time.

The supply interruption frequency is equal to the number of long or short supply interruptions recorded at the points where RTE Réseau de transport d'électricité delivers electricity to its industrial and distributor customers in relation to the number of delivery points served. The equivalent supply interruption time is equal to the quantity of electrical energy that is not distributed to RTE Réseau de transport d'électricité customers due to long supply interruptions on the transmission network, in relation to the average annual power transmitted to customers. Calculating these indicators, excluding exceptional events (storm in Maubeuge area in August 2008, snowfall in Massif central area in December 2008, storms in the south west area in January and February 2009, storm in the west area in February 2010, floods in the southeast in June 2010, snowfall in Nord-Pas-de-Calais in March 2012, helicopter accident in Grenoble area in June 2013, storm in the south west / north east area in July 2013, fire in south west in July 2014), enables the structural evolution of results over several years to be measured.

The table below sets forth the evolution of these indicators over the last eight years:

	2009	2010	2011	2012	2013	2014	2015	2016
<b>Long supply interruption frequency (number/year):</b>								
Excluding exceptional events	0.07	0.06	0.06	0.08	0.09	0.07	0.09	0.08
<i>Including exceptional events</i>	0.10	0.07	0.06	0.08	0.10	0.07	0.09	0.08
<b>Short supply interruption frequency (number/year):</b>								
Excluding exceptional events	0.44	0.32	0.42	0.32	0.43	0.39	0.30	0.30
<i>including exceptional events</i>	0.48	0.33	0.42	0.35	0.44	0.39	0.30	0.30
<b>Equivalent supply interruption time:</b>								
Excluding exceptional events	6'21"	2'53''	1'44"	2'18"	3'01''	2'46"	7'01"	2'54"
<i>Including exceptional events</i>	18'40"	4'48''	2'04"	4'28"	3'18''	2'48"	7'01"	3'15"

The value of 7 minutes 1 second for the equivalent supply interruption time in 2016 includes the consequences of series of incidents on measurement transformers in the west of France during a few days of heat wave. These particular events, which represent more than 75% of equivalent supply interruption time and almost 50% of long supply frequency interruption, mask the progress made elsewhere, as evidenced by the best historic value of short supply interruption frequency.

## TAXATION

*The following is a general description of certain French tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in France or elsewhere. Prospective purchasers of Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bond and the consequences of such actions under the tax laws of those countries. This summary is based upon the law and interpretation hereof as in effect on the date of this Prospectus and is subject to any change in law and interpretation hereof that may take effect after such date or that could apply retroactively.*

### French Taxation

*The following is an overview of certain withholding tax considerations that may be relevant to holders of Bonds who do not concurrently hold shares in the Issuer.*

#### *Withholding tax*

Payments of interest and other revenues made by the Issuer with respect to bonds are not subject to the withholding tax set out under Article 125 A III of the *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the *Code général des impôts* (a "**Non-Cooperative State**"), in which case a 75 per cent. withholding tax is applicable subject to exceptions, certain of which being set forth below, and to more favourable provisions of any applicable double tax treaty by virtue of Article 125 A III of the *Code général des impôts*.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues on such bonds are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution established in a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest or other revenues may be re-characterised as constructive dividends pursuant to Articles 109 *et seq.* of the *Code général des impôts*, in which case it may be subject to the withholding tax provided under Article 119 *bis* 2 of the same Code, at a rate of 30 per cent. or 75 per cent., subject to more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75 per cent. withholding tax provided by Article 125 A III of the *Code général des impôts*, nor, to the extent the relevant interest or other assimilated revenues relates to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and therefore the withholding tax provided by Article 119 *bis* 2 of the *Code général des impôts* which may apply as a result of the Deductibility Exclusion) will apply in respect of a particular issue of Bonds provided that the Issuer can prove that the main purpose and effect of such issue of Bonds is not that of allowing the payments of interest or income to be made in a Non-Cooperative State (the "**Exception**").

Pursuant to the French administrative guidelines published in the *Bulletin Officiel des Finances Publiques – Impôts* under references BOI-RPPM-RCM-30-10-20-40-20140211, n°70 and n°80, BOI-INT-DG-20-50-20140211, n° 550 and n° 990 and BOI-IR-DOMIC-10-20-20-60-20150320, n°10, an issue of bonds benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of the issue of the Bonds, if such Bonds are:

- (a) offered by means of a public offer within the meaning of Article L. 411-1 of the *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (b) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

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

As the Bonds are admitted at the time of their issue to the operations of a securities clearing and delivery and payments system – Euroclear France, payments of interest or other securities income made by or on behalf of the Issuer with respect to the Bonds will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts*. In addition, for the same reason, the Bonds will be subject neither to the Deductibility Exclusion nor to the withholding tax set out under Article 119 *bis* 2 of the *Code général des impôts* solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons domiciled or established in a Non-Cooperative State.

*Payments made to individuals who are fiscally domiciled in France*

When the paying agent is established in France, pursuant to Article 125 A of the *Code général des impôts* and subject to certain limited exceptions, interest and other similar revenues received under the Bonds 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 during which the withholding has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 15.5% on interest and other similar revenues paid by the Issuer under the Bonds, to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

All prospective investors should seek independent advice as to their tax positions.

## SUBSCRIPTION AND SALE

Barclays Bank PLC (the "**Structuring Adviser and Joint Lead Manager**") and BNP Paribas, Crédit Agricole Corporate and Investment Bank, Mizuho International plc and UniCredit Bank AG (together with the Structuring Adviser and Joint Lead Manager, the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 26 June 2017 (the "**Subscription Agreement**"), agreed jointly and severally with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for, the 2024 Bonds at an issue price equal to 99.698 per cent. of the principal amount of the 2024 Bonds, less any applicable commission, the 2028 Bonds at an issue price equal to 98.971 per cent. of the principal amount of the 2028 Bonds, less any applicable commission and the 2032 Bonds at an issue price equal to 99.171 per cent. of the principal amount of the 2032 Bonds, less any applicable commission. In addition, the Issuer will also pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Bonds.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

### Selling Restrictions

#### *General*

No action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of the Prospectus (in proof or final form) or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, each of the Joint Lead Managers has agreed that it will not, directly or indirectly, offer, sell or deliver any Bonds or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective investor of the Bonds, 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.

#### *Republic of France*

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold or caused to be offered or sold, and will not offer or sell or cause to be offered or sold, directly or indirectly, any Bonds 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 Bonds 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 d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

#### *United States*

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

Each Joint Lead Manager has agreed that it will not offer or sell the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after the later of the commencement of the offering and the date of issue of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

The Bonds are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

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

*United Kingdom*

Each Joint Lead Manager has represented and agreed that:

- (a) 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 Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## GENERAL INFORMATION

### Corporate Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of its obligations under the Bonds. The issue of the Bonds was authorised by the board of directors (*Conseil d'administration*) of the Issuer dated 15 May 2017 and a decision of Xavier Girre, Françoise Tauzinat and Nicolas Monnier, members of the Board of Directors (*Conseil d'administration*) dated 22 June 2017.

### Listing and Admission to trading of the Bonds

Application has been made for the Bonds to be admitted to trading on Euronext Paris on or about 29 June 2017.

The total expenses related to the admission to trading of the 2024 Bonds are estimated to be EUR 7,800. The total expenses related to the admission to trading of the 2028 Bonds are estimated to be EUR 11,250. The total expenses related to the admission to trading of the 2032 Bonds are estimated to be EUR 13,750. The total expenses related to the admission to trading of the Bonds, including AMF fees, are estimated to be EUR 37,800.

### Clearing of the Bonds

The 2024 Bonds have been accepted for clearance through Clearstream (42 avenue John Fitzgerald Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) under the following reference numbers:

ISIN: FR0013264405

Common Code: 163882078

The 2028 Bonds have been accepted for clearance through Clearstream (42 avenue John Fitzgerald Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) under the following reference numbers:

ISIN: FR0013264421

Common Code: 163882132

The 2032 Bonds have been accepted for clearance through Clearstream (42 avenue John Fitzgerald Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) under the following reference numbers:

ISIN: FR0013264439

Common Code: 163882159

### Yield of the Bonds

The yield of the 2024 Bonds is 0.918 per cent. *per annum*, as calculated as at the Issue Date on the basis of the issue price of the 2024 Bonds. It is not an indication of future yield.

The yield of the 2028 Bonds is 1.602 per cent. *per annum*, as calculated as at the Issue Date on the basis of the issue price of the 2028 Bonds. It is not an indication of future yield.

The yield of the 2032 Bonds is 2.190 per cent. *per annum*, as calculated as at the Issue Date on the basis of the issue price of the 2032 Bonds. It is not an indication of future yield.

### **No Material Adverse Change**

Except as mentioned in the section "Description of CTE" on pages 57 to 97 of this Prospectus, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.

### **No Significant Change**

Except as mentioned in the section "Description of CTE" on pages 57 to 97 of this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016.

### **No Litigation**

Neither the Issuer nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

### **No Material Interests**

Save for any fees payable to the Joint Lead Managers as referred to in "Subscription and Sale" and except as disclosed on page 56 of this Prospectus with respect to the shareholders of the Issuer and the Joint Lead Managers and their affiliates, as far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the issue.

### **No Material Contracts**

Except as mentioned in the section "Description of CTE" on pages 57 to 97 of this Prospectus, none of the Issuer or any of its subsidiaries has entered into contracts outside the ordinary course of their respective businesses, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of Bonds in respect of the Bonds being issued.

### **No Conflicts of Interests**

To the Issuer's knowledge, there is no potential conflict of interests between the private interests and/or other duties of the members of the board of directors (*Conseil d'administration*) of the Issuer and the duties they owe to the Issuer.

### **Auditors**

KPMG SA (Tour EQHO, 2, avenue Gambetta, CS 60055, 92066 Paris la Défense Cedex, France) and, as from 1 June 2017, Mazars (Tour Exaltis, 61 rue Henri Regnault, 92400 Courbevoie, France) are the statutory auditors of the Issuer. KPMG SA has audited and rendered audit reports on the financial statements of the Issuer for the financial years ended 31 December 2015 and 31 December 2016. KPMG SA and Mazars are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *commissaires aux comptes*. KPMG SA and Mazars are members of the *Compagnie Régionale des Commissaires aux Comptes de Paris*.

### **Documents Available**

So long as any of the Bonds remain outstanding, copies of this Prospectus with any Supplement to this Prospectus, the documents incorporated by reference in this Prospectus, the Agency Agreement and the *statuts* (by-laws) of the Issuer will be available for inspection and copies of the annual financial statements for the financial years ended 31 December 2015 and 31 December 2016 of the Issuer will be made available or obtainable, free of charge, at the specified offices for the time being of the Paying Agent during normal business hours. This Prospectus is also available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.ctelectricite.com](http://www.ctelectricite.com)).



## Potential conflicts

In the ordinary course of their business activities, the Joint Lead 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. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Joint Lead 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.

## Ratings

The Bonds are rated BBB+ by Standard & Poor's Credit Market Services Europe Limited ("**S&P**").

The Issuer is rated A- by S&P.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. S&P is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the "**CRA Regulation**") and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

## Stabilisation

In connection with the issue of the Bonds, Barclays Bank PLC (the "**Stabilising Manager(s)**") (or persons acting behalf of the Stabilising Manager(s)) may over allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

## Forward-looking Statements

This Prospectus may include forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Issuer's or RTE's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer or of RTE, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's or RTE's present and future business strategies and the environment in which the Issuer and RTE will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's or RTE's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## PERSONS RESPONSIBLE FOR THE INFORMATION SET OUT IN THE PROSPECTUS

To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

### COENTREPRISE DE TRANSPORT D'ÉLECTRICITÉ

69-71, rue de Miromesnil  
75008 Paris  
France

Duly represented by:

Xavier Girre  
*Président - Directeur Général*  
dated 26 June 2017



In accordance with Articles L. 412-1 and L. 621-8 of the *Code monétaire et financier* and General Regulations (*Règlement général*) of the *Autorité des marchés financiers* ("AMF"), in particular its Articles 211-1 à 216-1, the AMF has granted to this Prospectus the *visa* n°17-300 on 26 June 2017. 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 *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 in it is coherent". It neither implies that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Bonds.

**REGISTERED OFFICE OF THE ISSUER**  
**COENTREPRISE DE TRANSPORT D'ÉLECTRICITÉ**  
69-71, rue de Miromesnil  
75008 Paris  
France

**STRUCTURING ADVISER AND JOINT LEAD MANAGER**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**JOINT LEAD MANAGERS**

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis  
CS 70052  
92547 Montrouge Cedex  
France

**Mizuho International plc**  
Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

**UniCredit Bank AG**  
12, Arabella Strasse  
81925 Munich  
Germany

**STATUTORY AUDITORS OF THE ISSUER**

**KPMG SA**  
Tour EQHO  
2, avenue Gambetta  
CS 60055  
92066 Paris la Défense Cedex  
France

As from 1 June 2017:  
**Mazars**  
Tour Exaltis, 61 Henri Regnault  
92400 Courbevoie  
France

**STATUTORY AUDITORS OF RTE**

**Mazars**  
Tour Exaltis, 61 Henri Regnault  
92400 Courbevoie  
France

Until 29 May 2017:  
**Deloitte & Associés**  
185 avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
France

As from 30 May 2017:  
**KPMG SA**  
Tour EQHO  
2, avenue Gambetta  
CS 60055  
92066 Paris la Défense Cedex  
France

**LEGAL ADVISERS**

*To the Issuer*  
**Clifford Chance Europe LLP**  
1, rue d'Astorg  
CS 60058

*To the Joint Lead Managers*  
**Linklaters LLP**  
25 rue de Marignan  
75008 Paris

75377 Paris Cedex 08  
France

France

**FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**Société Générale**  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 03  
France