



**RTE EDF Transport S.A.**

**Euro 7,500,000,000**

**Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), RTE EDF Transport S.A. (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 7,500,000,000 (or the equivalent in other currencies at the date of issue of any Notes).

This Base Prospectus supersedes and replaces the Base Prospectus dated 4 May 2010.

Application has been made to the *Autorité des marchés financiers* (the "**AMF**") for approval of this Base Prospectus in its capacity as competent authority under the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading. Application may be made (i) to Euronext Paris during the period of 12 months from the date of this Base Prospectus for Notes issued under the Programme to be admitted to trading and/or (ii) to the competent authority of any other Member State of the European Economic Area ("**EEA**") for Notes issued under the Programme to be admitted to trading on a Regulated Market (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EEC (a "**Regulated Market**"). However, Notes may be issued pursuant to the Programme which are not admitted to trading on any Regulated Market. The relevant final terms (the "**Final Terms**") (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading, and, if so, the relevant Regulated Market.

In the case of any Notes which are to be admitted to trading on a Regulated Market within the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

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

Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes. Dematerialised Notes may, at the option of the Issuer, be in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the Notes — Form, Denomination(s)", "Title and Redenomination") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in "Terms and Conditions of the Notes — Form, Denomination(s), Title and Redenomination"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed either with the Issuer or with the registration agent (designated in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholders.

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

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

On 14 December 2010, the Issuer has been rated A+ (stable outlook) by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**"). S&P is established in the European Union and has applied for registration under the Regulation (EC) No.1060/2009 on credit ratings agencies (the "**CRA Regulation**"), although the result of such applications has not been determined. The credit rating included or referred to in this Base Prospectus will be treated for the purposes of the CRA Regulation as having been issued by S&P upon registration pursuant 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.

Copies of the documents incorporated by reference herein can be obtained free of charge from the registered office of the Issuer and will also be published on the Issuer's website ([www.rte-france.com](http://www.rte-france.com)).

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

*Arrangers*

**Barclays Capital**

**Société Générale Corporate & Investment Banking**

*Dealers*

**Barclays Capital**

**BNP PARIBAS**

**Citi**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**ING Commercial Banking**

**J.P. Morgan**

**Mitsubishi UFJ Securities International plc**

**Natixis**

**Société Générale Corporate & Investment Banking**

**The Royal Bank of Scotland**

**UniCredit Bank**

The date of this Base Prospectus is 5 May 2011

This Base Prospectus (together with any supplements to this Base Prospectus published from time to time, each a "Supplement" and together the "Supplements") comprises a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading as amended (which includes the amendments made by Directive 2010/73/EU (the 2010 PD Amending Prospectus Directive) to the extent that such amendment have been implemented in a Member State of the European Economic Area) (herein referred to as the "Prospectus Directive"), and for the purpose of giving information with regard to the Issuer and its respective consolidated subsidiaries taken as a whole (together with the Issuer, the "Group" or the "RTE Group") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Base 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 in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed in conjunction with any Supplement that may be published from time to time and all documents incorporated by reference (see "Information Incorporated by Reference") and, in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Term(s) (the Base Prospectus and the Final Terms being together, the "Prospectus").

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

In the case of any Notes which are to be admitted to trading on a Regulated Market within the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Materialised Notes in bearer form, delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), or, in the case of Materialised Notes in bearer form, the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Internal Revenue Code" and the regulations thereunder). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

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

The Arrangers and the Dealers have not separately verified the information contained in this Base Prospectus (including the documents incorporated by reference). None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus (including the documents incorporated by reference). Neither this Base Prospectus nor any other financial statements or any other information incorporated by reference are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Base Prospectus or any financial statements or any other information incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and any purchase of Notes should be based upon such investigation as it

deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

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

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" or "euro" are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999, references to "£", "pounds sterling", "GBP" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "U.S. Dollars" are to the lawful currency of the United States of America.

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

## Table of Contents

RISK FACTORS.....	5
DOCUMENTS INCORPORATED BY REFERENCE .....	15
SUPPLEMENT TO THE BASE PROSPECTUS .....	17
GENERAL DESCRIPTION OF THE PROGRAMME .....	18
TERMS AND CONDITIONS OF THE NOTES .....	24
TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES .....	47
USE OF PROCEEDS.....	48
DESCRIPTION OF THE ISSUER .....	49
INFORMATION ABOUT THE ISSUER.....	49
BUSINESS OVERVIEW OF THE ISSUER .....	54
RECENT DEVELOPMENTS.....	65
MAJOR SHAREHOLDERS AND ORGANISATIONAL STRUCTURE OF THE ISSUER.....	66
TREND INFORMATION IN RESPECT OF THE ISSUER .....	66
ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES OF THE ISSUER .....	66
LEGAL AND ARBITRATION PROCEEDINGS .....	72
STATUTORY AUDITORS OF THE ISSUER.....	73
RISK FACTORS RELATING TO THE ISSUER .....	74
DOCUMENTS ON DISPLAY .....	75
TAXATION .....	76
SUBSCRIPTION AND SALE .....	78
PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING ON A REGULATED MARKET .....	80
GENERAL INFORMATION .....	91
PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS.....	93

## **RISK FACTORS**

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

*The following paragraphs describe some risk factors that are material to the Notes to be admitted to trading in order to assess the market risk associated with these Notes. The Issuer is not in the position to ascertain that all the Risk Factors listed below are exhaustive. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances. Terms defined herein shall have the same meaning as in the Terms and Conditions of the Notes.*

#### **1. General risks relating to the Notes**

##### **1.1 Independent review and advice**

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

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

##### **1.2 Potential conflicts of interest**

Each of the Issuer, the Dealer(s) or any of their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of the securities taken up in an index, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of the securities taken up in an index or their respective affiliates or any guarantor in the same manner as if any index-linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on an issuer of the securities taken up in the index, any of their respective affiliates or any guarantor.

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

Potential conflicts of interest may arise between the Calculation Agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgements that such Calculation Agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes. The Calculation Agent shall act as an independent expert and not as agent of the Issuer in the performance of its duties.

##### **1.3 Legality of purchase**

Neither of the Issuer, the Dealer(s) nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

##### **1.4 Modification, waivers and substitution**

The Terms and Conditions of the Notes contain provisions for calling General Meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority.

### 1.5 Regulatory restrictions

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

### 1.6 Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial Notes such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

### 1.7 EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information (see "Taxation - EU Taxation").

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

The European Commission has proposed a number of changes to the Directive which have been adopted by the European Parliament. The European Parliament adopted an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

### 1.8 French insolvency law

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

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

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

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares.

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

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

#### **1.9 Change of law**

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

#### **1.10 No active secondary/trading market for the Notes**

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

In addition, certain Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes may not be readily sellable, that the value of Notes may fluctuate over time and that such fluctuations may be significant.

Furthermore, the secondary market for securities is currently experiencing significantly reduced liquidity, which could limit investors' ability to resell Notes and adversely affect the price of Notes.

#### **1.11 Currency risk**

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

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

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

#### **1.13 Market value of the Notes**

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or an index, or the dividend on the securities taken up in the index, market interest and yield rates and the time remaining to the maturity date.

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

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

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

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

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

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

### **2.2 Fixed Rate Notes**

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

### **2.3 Floating Rate Notes**

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

### **2.4 Inverse Floating Rate Notes**

Inverse floating rate Notes have an interest rate equal to a fixed base rate minus a rate based upon a reference rate. The market value of such Notes typically is more volatile than the market value of floating rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

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

Fixed to floating rate Notes initially bear interest at a fixed rate; conversion from a fixed rate to a floating rate then takes place either automatically or at the option of the Issuer if certain predetermined conditions are met. The conversion (whether it be automatic or optional) of the interest rate will affect the secondary market and the market value of the Notes since the conversion may lead to a lower overall cost of borrowing. If a fixed rate is converted to a floating rate, the spread on the fixed to floating rate Notes may be less favourable than then prevailing spreads on



comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes.

## **2.6 Notes issued at a substantial discount or premium**

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

## **2.7 Index-Linked Notes**

Index-linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the Noteholder and may even be zero in which case the Noteholder may lose his entire investment.

Index-linked Notes are not in any way sponsored, endorsed, sold or promoted by the index sponsor or the respective licensor of the index and such index sponsor or licensor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time. Each index is determined, composed and calculated by its respective index sponsor or licensor, without regard to the Issuer or the Notes. None of the index sponsors or licensors is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in determination or calculation of the equation by which the Notes settle into cash. None of the index sponsors or licensors has any obligation or liability in connection with the administration, marketing or trading of the Notes. The index sponsor or licensor of an index has no responsibility for any calculation agency adjustment made for the index.

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

## **2.8 Partly-paid Notes**

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

## **2.9 Variable rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

## **2.10 Structured Notes**

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

## II. RISK FACTORS RELATING TO THE ISSUER AND ITS OPERATIONS

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

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer or the RTE Group (as defined below) faces. References in this section to the Issuer shall, where appropriate, be deemed to include the RTE Group. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. However, pursuant to Articles 1 and 2 of the French law of 10 February 2000, the Issuer is responsible for certain commitments relating to public service which 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. In this respect, the Issuer is protected by law in relation to these public service missions, which are also explained below.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.*

### **Risks associated with the Issuer's activities**

***The Issuer 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. The Issuer implements accident prevention and safety measures. However, the Issuer cannot guarantee that these measures will prove sufficient.

The Issuer 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, the Issuer cannot guarantee that these measures will prove effective. The civil liability and damage insurance coverage taken out by the Issuer may be in some cases insufficient to avoid negative financial consequences.

Any one of these events may have material, negative consequences on the Issuer's activities, profits and financial situation.

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

Pursuant to Article 4 III of Law no. 2000-108 dated 10 February 2000, as amended by Law no. 2005-781 dated 13 July 2005, the *Commission de Régulation de l'Energie ("CRE")* made a proposal on 26 February 2009 in relation to tariffs (the *Tarif d'Utilisation des Réseaux Publics de transport et de distribution d'électricité ("TURPE")*) for the (August) 2009 to (July) 2013 period to the Ministers of Economy and of Energy.

Such proposal was approved on 5 June 2009 and became effective on 1 August 2009. In accordance with Article 4 II of Law no. 2000-108, tariffs for using the public transmission network are calculated in a non-discriminatory manner. Such calculation covers the total cost borne by the Issuer and includes those costs stemming from putting into practice its objectives and public service contracts which in turn guarantees the Issuer's solvency.

However, the Issuer 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 the Issuer's activities, profits and financial results.

***Risk related to incentive mechanisms***

The TURPE applicable for the 2009 - 2013 period has introduced three incentive-based mechanisms concerning control of operating costs, supply quality and the performance of purchases to compensate for losses. These incentive mechanisms take the form of a sharing of gains on operating costs (compared with reference costs as set out in the TURPE) and financial bonuses / penalty systems (*système de bonus/malus*) for supply quality and performance of purchases to compensate for losses.

Although the Issuer has put in place an efficient risk management policy, these incentive mechanisms may have a negative impact on the Issuer's financial results.

***The Issuer'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 development of the Issuer's industrial activities — transmission — requires various administrative authorisations, at local and national levels, both in France and abroad. The procedures for obtaining and renewing these authorisations can be drawn out and complex. The Issuer may accordingly be required to pay significant amounts to comply with the requirements associated with obtaining or renewing these authorisations (for example, the costs of preparing the application for the authorisations or investments associated with installing equipment required before the authorisation can be issued). However, these costs ought to be covered by the transmission tariff according to Article 4 II of Law no. 2000-108.

***The Issuer operates its transmission activities within the context of concessions governed by public law***

The Issuer 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 EDF Transport dated 30 October 2008. The Issuer cannot guarantee that these concession specifications will not change in the future to contain obligations that are more restrictive for the Issuer, in particular, obligations of a financial nature, than the obligations that are currently applicable. The Issuer 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 4 II of Law no. 2000-108.

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

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

The Issuer's activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive. The Issuer has made and will continue to make significant capital and other expenditures to comply with applicable environmental, health and safety regulations. The Issuer is continuously required to incur expenditures to ensure that the installations that it operates comply with applicable legal, regulatory and administrative requirements. These expenditures, which are evidenced in the Public Service Contract (see "Description of the Issuer"), 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 the Issuer obtained in 2002. Any of the Issuer'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 4 of Law no. 2000-108. Other current and future regulations in the environmental and health areas may also have a material financial impact on the Issuer.

***Widespread blackouts in France if they are attributable to the Issuer 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, an 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 last two years where the Issuer 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.

The Issuer may be, or may be found to be, responsible for a blackout.

These blackouts would first have an impact on the Issuer'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 the Issuer's responsibility.

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

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

The Issuer 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.

The Issuer 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, the Issuer 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 the Issuer 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 aeries, 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 the Issuer to exclude civil liability in the case of the storms of December 1999.

Furthermore, in the case of a long power outage, the Issuer 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 the Issuer do not have the benefit of any insurance against damage***

The Issuer does not have the benefit of any insurance against damage for the overhead transmission networks of which it is the owner. Any damage to these overhead networks could have a negative impact on the Issuer's financial situation. The other assets of the Issuer (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 the Issuer, 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. The Issuer's annual results may therefore be temporarily affected by significant climatic variations. The Issuer'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.

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

The Issuer's activities fluctuate in accordance with the economic cycles and general economic conditions of the geographical regions in which it operates, particularly in 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 the Issuer's activities, profits and prospects. However, the Issuer 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 the Issuer 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 the Issuer and the payment of damages, which may prove material.

***The Issuer is exposed to financial risks***

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

- (a) interest rate risk in relation to its financial activities and to the value of its assets;
- (b) risk of change (even if this risk does not exist at present);
- (c) risk relating to securities which has been significantly heightened since the 2008 financial crisis led to a decline and a higher volatility in stock markets;
- (d) risk to liquidity which is limited by the Issuer's existing financing agreements; and
- (e) counterparty risk, inherent in commercial relations; the monitoring and reporting procedures applied by the Issuer 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 the Issuer.

The Issuer 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 the Issuer that arise from the auction of rights of use of interconnection capacities are likely to be affected by changes in the electricity market. The cost of electricity, bought by the Issuer to compensate for technical losses on the transmission network, depends on its market price. Finally, the Issuer contributes to a mechanism providing for financial compensation for managers of the European transmission system operators, who aim to cover the cost of the European transmission networks required by transborder transits of electricity. Variations in these revenues or expenses of the Issuer may affect, temporarily, its financial situation, although the fluctuations of the cost of losses and of interconnection revenues are compensated by the TURPE, via the regulated account mechanism for charges and for products, when these expenses of revenues or expenses deviate from the initial projections which served to set the price). The TURPE is also intended to cover the charges that the Issuer bears in relation to the mechanism of financial compensation between European transmission system operators.

***Risks relating to the structure and changes within the Issuer***

The Issuer cannot guarantee that it will remain a wholly-owned subsidiary of EDF (Electricité de France). However, legislation requires that the Issuer 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***

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

Finally, as a general matter, the Issuer 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 the Issuer.

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

A large number of the Issuer'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.

The Issuer 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.

***The Issuer 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 the Issuer")
- Under this reform, the Issuer remains responsible for the financing of future specific rights (i.e., accrued since 1 January 2005) relating to the Issuer'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, the Issuer 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 the Issuer.

Finally, the reform of the special retirement programme, including those of IEG, seeking notably to extend the contribution period, came into force on 1 July 2008. This reform is supported by specific measures regarding wages, changes in the social welfare, career planning. Sectoral agreements were signed in 2008 regarding the social protection system (pension, provident schemes).

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following:

- (a) sections referred to in the table below included in the 2010 *Rapport de gestion - Comptes consolidés*, in French, filed with the AMF, which contains the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2010 and the related statutory auditors' report (the "**2010 Financial Report**"); and
- (b) sections referred to in the table below included in the 2009 *Rapport de gestion - Comptes consolidés*, in French, filed with the AMF, which contains the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009 and the related statutory auditors' report (the "**2009 Financial Report**").

Such documents shall be deemed to be incorporated in, and form part of this Base Prospectus, save that any statement contained in this Base Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained 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 Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus may be obtained without charge from the registered office of the Issuer, at the office of the Fiscal Agent and the Paying Agents, the websites of the Issuer ([www.rte-france.com](http://www.rte-france.com)) and the AMF ([www.amf-france.org](http://www.amf-france.org)).

The free English translations of the 2010 Financial Report and the 2009 Financial Report are available on, and may be obtained without charge from, the website of the Issuer ([www.rte-france.com](http://www.rte-france.com)).

For the purposes of the Prospectus Directive, the information incorporated by reference in this Base Prospectus is set out in the following cross-reference table:

### Annex IX of the European Regulation 809/2004/EC of 24 April 2004

	Page no. of the 2010 Financial Report	Page no. of the 2009 Financial Report
<b>5. Business Overview</b>		
<b>5.1.1.</b> A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.	p. 6-17 p. 21-32	p.4-15 p.20-29
<b>11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>		
<b>11.1 <u>Historical Financial Information</u></b>		
Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002 s, or if not applicable to a Member's State national accounting standards for issuers from the Community.	p. 37-70	p. 34-68
Consolidated Financial statements:	p. 37-40	p. 34-37
Balance Sheet:	p. 38	p.35
Income Statement:	p. 37	p.34

	Cash Flow Statements:	p. 39	p.36
	Notes to consolidated Financial Statements:	p. 41-70	p.38-68
<b>11.2</b>	<b><u>Financial statements</u></b>  If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	p. 37-70	p. 34-68
<b>11.3</b>	<b><u>Auditing of historical annual financial information</u></b>		
<b>11.3.1</b>	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	p. 71	p. 69
<b>11.3.2</b>	An indication of other information in the registration document which has been audited by the auditors.	N/A	N/A
<b>11.3.3</b>	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	N/A	N/A

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



## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a Supplement to the Base Prospectus pursuant to the provisions of Article 16 of the Prospectus Directive and Article 212-25 of the General Regulations (*Règlement général*) of the *Autorité des marchés financiers*, the Issuer will prepare and make available an appropriate Supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes to be admitted to trading on Euronext Paris or on a Regulated Market of a Member State of the European Economic Area, shall constitute a Supplement to the Base Prospectus for the purpose of the relevant provisions of the Prospectus Directive.

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

## GENERAL DESCRIPTION OF THE PROGRAMME

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

<b>Issuer</b>	RTE EDF Transport S.A.
<b>Risk factors</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under the heading "Risk Factors relating to the Issuer" in the section headed "Risk Factors" in this Base Prospectus. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under the heading "Risk Factors relating to the Notes" in the section headed "Risk Factors" in this Base Prospectus.
<b>Description</b>	Euro Medium Term Note Programme for the continuous offer of Notes (the " <b>Programme</b> ").
<b>Arrangers</b>	Barclays Bank PLC and Société Générale
<b>Dealers</b>	<p>Barclays Bank PLC  BNP PARIBAS  Citigroup Global Markets Limited  Crédit Agricole Corporate and Investment Bank  Deutsche Bank AG, London Branch  HSBC France  ING Belgium SA/NV  J.P. Morgan Securities Ltd.  Mitsubishi UFJ Securities International plc  Natixis  Société Générale  The Royal Bank of Scotland plc  UniCredit Bank AG</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "<b>Permanent Dealers</b>" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "<b>Dealers</b>" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
<b>Programme Limit</b>	<p>Up to Euro 7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.</p> <p>Any increase to this Programme limit will require the publication of a Supplement to the Base Prospectus.</p>
<b>Fiscal Agent, Principal Paying Agent and Paris Paying Agent</b>	BNP Paribas Securities Services

**Method of Issue**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**").

**Maturities**

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

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

**Specified Denomination(s)**

The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note admitted to trading on a regulated market in a Member State (a "**Regulated Market**") of the European Economic Area ("**EEA**") in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Dematerialised Notes will be issued in one denomination only.

**Status of the Notes**

Notes will constitute direct, general, unconditional, unsecured and (subject to the provisions of Condition 4) unsubordinated obligations of the Issuer 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.

**Negative Pledge**

There will be a negative pledge as set out in Condition 4 — see "Terms and Conditions of the Notes — Negative Pledge".

**Events of Default (including cross default)**

There will be events of default and a cross-default as set out in Condition 9 — see "Terms and Conditions of the Notes — Events of Default".

**Redemption Amount**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and if so the terms applicable to such redemption.

**Redemption by Instalments**

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

**Early Redemption**

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 6 "Terms and Conditions of the Notes — Redemption, Purchase and Options".

**Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes 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. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 and to the fullest extent then permitted by law, be required to pay additional amounts to cover the amounts so deducted.

See "Terms and Conditions of the Notes — Taxation".

**Interest Periods and Interest Rates**

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

**Fixed Rate Notes**

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

**Floating Rate Notes**

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

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency pursuant to the 2007 *Fédération Bancaire Française* ("FBF") Master Agreement relating to transactions on forward financial instruments, unless

otherwise specified in the Final Terms; or

- (ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the Final Terms; or
- (iii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), in each case as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**Zero Coupon Notes**

Zero Coupon Notes (as defined in "Terms and Conditions of the Notes") may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes**

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

**Index-Linked Notes**

Payments of principal or interest in respect of Index-Linked Notes (as defined in "Terms and Conditions of the Notes") will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

**Other Notes**

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

**Redenomination**

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

**Consolidation**

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

**Form of Notes**

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

Dematerialised Notes may, at the option of the Issuer, be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (*au nominatif pur*) or administered registered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Notes. See Condition 1 "Terms and Conditions" of the "Notes — Form, Denomination, Title and

Redenomination".

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

**Governing Law**

French.

**Clearing Systems**

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

**Initial Delivery of Dematerialised Notes**

One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

**Initial Delivery of Materialised Notes**

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

**Issue Price**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Listing and Admission to trading**

Euronext Paris or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may or may not be admitted to trading.

**Rating**

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will be specified in the applicable Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies will also be disclosed in the relevant Final Terms. 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.

**Offer to the Public**

The Notes shall not be offered to the public in France and/or in any Member State of the EEA.

**Selling Restrictions**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Notes constitute Category 2 securities for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

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

The TEFRA rules do not apply to any Dematerialised Notes.

## TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by RTE EDF Transport S.A. (the "**Issuer**") with the benefit of an amended and restated agency agreement dated 5 May 2011 between the Issuer, BNP Paribas Securities Services as fiscal agent and the other agents named in it (as amended or supplemented from time to time, the "**Amended and Restated Agency Agreement**"). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Redenomination Agent**", the "**Consolidation Agent**" and the "**Calculation Agent(s)**". References below to "Conditions" are, unless the context requires otherwise, to the numbered paragraphs below.

Copy of the Amended and Restated Agency Agreement is available for inspection during normal business hours at the specified offices of each of the Paying Agents.

For the purpose of these Terms and Conditions, "**Regulated Market**" means any regulated market situated in a Member State of the European Economic Area ("**EEA**") as defined in the Markets in Financial Instruments Directive 2004/39/EEC.

### 1. Form, Denomination(s), Title, Redenomination

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

(i) Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book entries (*inscriptions en compte-titres*). 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 Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer and as specified in the relevant final terms ("**Final Terms**"), in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

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

(ii) Materialised Notes are issued in bearer form ("**Materialised Bearer Notes**"). Materialised Bearer Notes are serially numbered and are issued with coupons (each, a "**Coupon**") and, where appropriate, a talon (a "**Talon**") attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and



Talons in these Conditions are not applicable. Instalment Notes are issued with one or more receipts attached (the "**Receipt**").

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

- (b) **Denomination(s):** Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the "**Specified Denomination(s)**") save that the minimum denomination of each Note admitted to trading on a Regulated Market in circumstances which require the publication of a Base Prospectus under the Directive 2003/71/EC as amended by Directive 2010/73/EU to the extent that such amendment have been implemented in a Member State of the European Economic Area (the "**Prospectus Directive**") will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.
- (c) **Title:**
- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
  - (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue ("**Definitive Materialised Bearer Notes**"), shall pass by delivery.
  - (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note (as defined below), Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
  - (iv) In these Conditions, "**holder of Notes**" or "**holder of any Note**", or "**Noteholder**" means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, Coupons ("**Receiptholder**" and "**Couponholder**" being construed accordingly), or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.
- (d) **Redenomination**
- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "**EC**"), as amended from time to time (the "**Treaty**")), or events have occurred which have substantially the same effects (in either case, "**EMU**"), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".

- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer. For the avoidance of doubt, the minimum denomination of each redenominated Note shall not be less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date).
- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

## 2. Conversion and Exchanges of Notes

### (a) Dematerialised Notes

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

### (b) Materialised Notes

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

### 3. Status of the Notes

The Notes and, where applicable, any relative Receipts and Coupons are direct, general, unconditional, unsecured (subject to the provisions of Condition 4) 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.

### 4. Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its undertaking, revenues or assets, present or future, in order to secure any Indebtedness, or any guarantee or indemnity in respect of any Indebtedness, without at the same time according to the Notes the same security.

For the purposes of this Condition 4, "**Indebtedness**" means any monies borrowed and any indebtedness of the Issuer 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).

### 5. Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below. Certain defined terms contained in the 2007 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules published by the *Fédération Bancaire Française* ("**FBF**") (together the "**FBF Master Agreement**") and in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), have either been used or reproduced in this Condition 5.

"**Business Day**" means:

- (i) in the case of Euro, a day on which TARGET2 (as defined below) is operating (a "**TARGET Business Day**"); and/or
- (ii) in the case of a specified currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (iii) in the case of a specified currency and/or one or more Business Centre(s) specified in the relevant Final Terms (the "**Business Centre(s)**"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

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

- (i) if "**Actual/365 — FBF**" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual /365 — FBF shall mean the sum of (i) the fraction whose numerator is the actual number of days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual days elapsed during the leap year and whose denominator is 366;
- (ii) if "**Actual/Actual**" or "**Actual/Actual — ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (iii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms:
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (B) if the Calculation Period is longer than one Determination Period, the sum of:

the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

in each case where:

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

**"Determination Date"** means the date specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date;

- (iv) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (v) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

"**Euro-zone**" means the region comprised of member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**FBF Definitions**" means the definitions set out in the FBF Master Agreement, (a copy of which may be obtained at the registered office of the Issuer during usual business hours), unless otherwise specified in the relevant Final Terms.

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

**"Interest Amount"** means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount as specified in the relevant Final Terms, as the case may be.

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

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

**"Interest Payment Date"** means the date(s) specified in the relevant Final Terms.

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

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

**"ISDA Definitions"** means the 2006 ISDA Definitions (a copy of which may be obtained at the registered office of the Issuer during usual business hours), as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

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

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

**"Reference Rate"** means the rate specified as such in the relevant Final Terms.

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms.

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

**"TARGET2"** means the Trans-European Automated Real-time Gross Settlement Express Transfer system which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as otherwise provided in the relevant Final Terms. The amount of interest payable shall be determined in accordance with Condition 5 (i).

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

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

- (i) *Interest Payment Dates*: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear (except as otherwise provided in the relevant Final Terms) on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5 (i). Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
- (A) the "**Floating Rate Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (B) the "**Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day;
- (C) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (D) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and, unless otherwise specified in the relevant Final Terms, the provisions below relating to either FBF Determination or ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

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

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

- (a) the Floating Rate is as specified in the relevant Final Terms; and
- (b) the relevant Floating Rate Determination Date (*Date de Détermination du Taux Variable*) is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**" (*Taux Variable*), "**Calculation Agent**" (*Agent*), "**Floating Rate Determination Date**" (*Date de Détermination du Taux Variable*) and "**Transaction**" (*Transaction*) have the meanings given to those terms in the FBF Definitions, provided that "Euribor" means the rate

calculated for deposits in euro which appears on Reuters Page EURIBOR 01, as more fully described in the relevant Final Terms.

(B) **ISDA Determination for Floating Rate Notes**

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

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

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

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

- (a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either (as specified in the relevant Final Terms):

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

- (b) if the Relevant Screen Page is not available or, if sub-paragraph (C)(a)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (C)(a)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if



the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).
- (iv) Rate of Interest for Index Linked Interest Notes: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon and is repayable prior to the Maturity Date is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(e)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (g) **Accrual of interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**
  - (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (i) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Issuer, the Fiscal Agent, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (k) **Calculation Agent:** The Issuer shall use its best efforts to procure that there shall at all times one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined below). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 15.

For the purpose of this Condition:

"**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer form and in administered registered form, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 7 (a), (ii) in the case of Dematerialised Notes in fully registered form, to the account of the Noteholder as provided in Condition 7 (a) and (iii) in the case of Materialised Notes, to the relevant account with, or, by check drawn on, a Bank as provided in Condition 7(b) and remain available for payment against presentation and surrender of Bearer Materialised Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Bearer Materialised Notes that have been surrendered in exchange for replacement Bearer Materialised Notes, (ii) (for the purpose only of determining how many such Bearer Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Bearer Materialised Notes, pursuant to its provisions.

## 6. Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (c) **Redemption at the Option of the Issuer and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem all, or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

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

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

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

So long as the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, such Regulated Market require, the Issuer shall, each time there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* and on the website of any other competent authority and/or Regulated Market of the EEA Member State where the Notes are admitted to trading, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

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

To exercise such option the Noteholder must deposit with any Paying Agent at its specified office during usual business hours a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable during usual business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. Such notice shall, in the case of Materialised Bearer Notes, have attached to it such Note (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paris Paying Agent specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred may be withdrawn without the prior consent of the Issuer.

- (e) **Early Redemption:**

- (i) Zero Coupon Notes:

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

as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

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

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

(ii) **Other Notes:**

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(f), or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption unless otherwise provided in the relevant Final Terms.

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

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the date on which agreement is reached to issue the first Tranche of the Notes, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8(b) below, the Issuer may, at its option, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index-Linked Note) or, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), subject to having given not more than 60 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption 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.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Notes then outstanding at their Redemption Amount together with any interest accrued to the date set for redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such

notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, subject to the applicable laws and/or regulations.

Unless otherwise specified in the Final Terms, all Notes purchased by the Issuer may be held and resold in accordance with Articles L.213-1 A and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

- (i) **Cancellation:** All Notes purchased for cancellation by or on behalf of the Issuer will forthwith be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering to the Fiscal Agent the Temporary Global Certificate and the Definitive Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (j) **Illegality:** If, by reason of any change in French law, or any change in the official application of such law, becoming effective after the date on which agreement is reached to issue the first Tranche of the Notes, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

## 7. Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders and, (in the case of Dematerialised Notes in fully registered form), to an account denominated in the relevant currency with a Bank (as defined below) designated by the Noteholders. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender during usual business hours of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant

currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank.

"Bank" means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to TARGET2.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Consolidation Agent and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain:
  - (i) a Fiscal Agent;
  - (ii) one or more Calculation Agent(s) where the Conditions so require;
  - (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require;
  - (iv) Paying Agents having specified offices in at least two major European cities (including Paris so long as Notes are admitted to trading on Euronext Paris and, in either case, so long as the rules of, or applicable to, the relevant Regulated Market so require) ;
  - (v) in the case of Materialised Notes, a Paying Agent with a specified office in a European Union Member State (which may be any of the Paying Agents referred to in (iv) above) that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments, or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income;
  - (vi) in the case of Dematerialised Notes, in fully registered form, a Registration Agent; and
  - (vii) such other agents as may be required by any other Regulated Market on which the Notes may be admitted to trading.

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

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

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

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

- (i) Upon the due date for redemption, Materialised Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index-Linked Notes), they should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
  - (ii) Upon the due date for redemption of any such Materialised Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index-Linked Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (v) Where any Materialised Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
  - (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10), provided that, in respect of Notes listed and admitted to trading on Euronext Paris, such exchange shall always take place at the specified office of the Fiscal Agent or of the Paying Agent, as a case may be, in Paris.
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and (B) (i) (in the case of a payment in a currency other than Euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on



which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro), which is a TARGET Business Day.

## 8. Taxation

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

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

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

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

## 9. Events of Default

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

- (i) the Issuer fails to pay any amount of principal in respect of the Notes of the relevant Series or any of them on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes of the relevant Series or any of them within 15 days of the due date for payment thereof; or
- (ii) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes of the relevant Series and (except in any case where such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 30 days after written notice requiring such default to be remedied has been received by the Issuer at the specified office of the Fiscal Agent by the Holder of any such Note; or
- (iii) (a) any Indebtedness (as defined below) of the Issuer (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, (b) any Indebtedness (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 (c) the Issuer fails to pay when due any amount payable by it under any guarantee of Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of €50,000,000 or its equivalent in any other currency) unless, in each case, the Issuer is contesting in good faith its obligations to make payment or repayment of such amount ; or
- (iv) the Issuer enters into a conciliation (*procédure de conciliation* in accordance with Articles L. 611-4 to L. 611-15 of the French Code de commerce) with creditors or a judgment is issued for judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of its business (*cession totale de l'entreprise à la suite d'un plan de cession*), or the Issuer is subject to proceedings to the same effect, or in the absence of legal proceedings the Issuer makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

For the purposes of this Condition 9, "**Indebtedness**" means (i) any monies borrowed and any indebtedness of the Issuer 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 of the Issuer which is in the form of or represented by any bank loan.

## 10. Prescription

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

## 11. Representation of Noteholders

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

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

(a) **Legal Personality**

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

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

(b) **Representative**

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

- (i) the Issuer, the members of its Executive Board (*Directoire*), the members of its Supervisory Board (*Conseil de surveillance*), 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*), Executive Board (*Directoire*), or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

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

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

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

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

(c) **Powers of Representative**

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

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

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

(d) **General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 15.

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

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

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert Notes into shares.

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

In accordance with Article R. 228-71 of the *French Code de commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder of the name of such Noteholder on the third business day in Paris preceding the date set for 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 15.

(f) **Information to Noteholders**

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

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

(g) **Expenses**

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

(h) **Single Masse**

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

For the avoidance of doubt, in this Condition 11 "outstanding" shall not include those Notes purchased by the Issuer pursuant to Article L.213-1 A of the French *Code monétaire et financier* that are held by it and not cancelled.

**12. Modifications**

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

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

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

**14. Further Issues and Consolidation**

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

(b) **Consolidation:** The Issuer may, with the prior approval (which shall not be unreasonably withheld) of the Redenomination and Consolidation Agent, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

**15. Notices**

(a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) at the option

of the Issuer, they are published (a) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *La Tribune* or *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* and so long as such Notes are listed and admitted to trading on any Regulated Market in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located and/or on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.

- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form shall be valid if published (a) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *La Tribune* or *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* and so long as such Notes are listed and admitted to trading on any Regulated Market in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located and/or on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15 (a), (b) and (c) above; except that notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading daily newspaper of general circulation in Europe.

## 16. Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes (and, where applicable, the Receipts, the Coupons and the Talons) and any non-contractual obligations arising out of or in connection with the Notes (and, where applicable, the Receipts, the Coupons and the Talons) are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons and any non-contractual obligations arising out of or in connection with the Notes (and where applicable, the Receipts, the Coupons and the Talons) may be brought before any competent court of the jurisdiction of the Paris Court of Appeal.

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

### Temporary Global Certificates

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

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

### Exchange

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

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

### Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes. In this Base Prospectus, "**Definitive Materialised Bearer Notes**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal and Regulated Market requirements. Forms of such Definitive Bearer Materialised Notes shall be available at the specified offices of any of the Paying Agent(s).

### Exchange Date

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

**USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be applied by the Issuer for general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



## DESCRIPTION OF THE ISSUER

### INFORMATION ABOUT THE ISSUER

#### 1. General Information about RTE EDF Transport

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

RTE EDF Transport has been 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 for a term of 99 years.

RTE EDF Transport 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 French law no. 83-675 dated 26 July 1983, French law no. 2000-108 of 10 February 2000, French law no. 2004-803 dated 9 August 2004 (the "**Law dated 9 August 2004**") and by the Issuer's by-laws (*statuts*) approved by Decree no. 2005-1069 dated 30 August 2005 (as amended in the RTE EDF Transport shareholders' meetings of 28 June 2006, 11 June 2008 and 25 January 2010). The registered office of RTE EDF Transport is Tour Initiale, 1 Terrasse Bellini TSA 41000, 92919 Paris, La Défense Cedex. RTE EDF Transport's telephone number is +33 (0)1 41 02 19 29 and its website is [www.rte-france.com](http://www.rte-france.com).

#### 1.1 History and development of RTE EDF Transport

##### (a) Definitions and purposes of the various entities involved in the history and development of RTE EDF Transport

**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 EDF Transport is a limited liability company (*société anonyme*) previously named C5. RTE EDF Transport has been 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 for a term of 99 years beginning on 21 June 2005 (following the transfer of its head office from St Denis to La Défense).

Since 1 September 2005 (date of the completion of the partial contribution of assets from EDF to C5), RTE EDF Transport 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.

RTE EDF Transport is a wholly owned subsidiary of EDF.

**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 EDF Transport (an independent legal entity) on 1 September 2005.

**(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:

- (1) 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
- (2) 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, 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**

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:

1. the by-laws of RTE EDF Transport, a French *société anonyme* with an Executive Board and Supervisory Board, being approved by Decree no. 2005-1069 on 30 August 2005;
2. the EDF extraordinary shareholders' meeting of 31 August 2005 approving the contribution of EDF assets to C5; and
3. 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.

Then, the by-laws of RTE EDF Transport came into force, and the denomination "**RTE EDF Transport**" replaced the former denomination "**C5**". The contribution of EDF's electricity transmission activity by partial asset contribution to RTE EDF Transport resulted in the removal of the assets and liabilities transferred to RTE EDF Transport 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 EDF Transport. Instead, in accordance with Article 9 of Law no. 2004-803 of 9 August 2004, RTE EDF Transport 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's most recent independent financial statements.

RTE EDF Transport's intention has been to refinance its financial debt vis-à-vis EDF with external financing, and thus, on 29 May 2006, it entered into a €2.5 billion revolving credit facility with a syndicate of banks. The facility comprises two tranches: a €1.5 billion 364 day facility and a €1 billion seven year facility, including a €300 million swingline facility. This EMTN Programme

forms part of RTE EDF Transport's external financing programme. In 2007, RTE EDF Transport 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. RTE EDF Transport also drew down a 4-year loan for an amount of €100 million on a European Investment Bank (EIB) facility. This loan was drawn on 22 October 2010 and has an interest rate of 3-month Euribor +0.1%. In addition, RTE EDF Transport has entered into a €500 million one year (with an extension option) revolving credit facility with a syndicate of banks.

On 25 January 2011, RTE issued a €500 million bond with a maturity of 10 years bearing an interest rate of 4.125%.

For the period 2011-2014, RTE EDF Transport's programme of investments is expected to total approximately €5.5 billion and will contribute significantly to the economic growth of public investments.

On 14 December 2010, the Issuer has been rated A+ (stable outlook) by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"). S&P is established in the European Union and has applied for registration under the Regulation (EC) No.1060/2009 on credit ratings agencies (the "CRA Regulation"), although the result of such applications has not been determined. The credit rating included or referred to in this Base Prospectus will be treated for the purposes of the CRA Regulation as having been issued by S&P upon registration pursuant 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.

(d) **The RTE Group**

RTE EDF Transport is the parent company of the following five subsidiaries which together comprise the RTE Group:

- @RTERIA, a company which markets fibre optics that are built and maintained by RTE EDF Transport, sells long-term usage rights and "Elevated Points" (independent radio transmission towers and electricity towers carrying power lines) with basic fittings that hold the mobile telephone equipment of mobile telephone operators in order to provide low-cost broadband access, extending fibre optic connections all the way to the end-customer;
- RTE International, a company which provides engineering and consultancy services in all areas of business covered by an electricity transmission system operator;
- HGRT ("Holding des Gestionnaires de Réseau de Transport" - electricity transmission system operators' holding company), a company which has been established to subscribe, acquire, sell, hold and manage stock and other transferable securities issued by Powernext SA ( a French incorporated company which manages several gas and electricity markets);
- INELFE: a joint-venture between RTE and REE, incorporated for the development of a new connection between France and Spain; and
- CORESO: a company incorporated in Belgium which supplies safety assessments and designs coordinated preventive or corrective solutions to control the safety of the electricity system covering the western European zone.

RTE EDF Transport holds the entire share capital of @RTERIA and RTE International and holds 51 per cent. of the issued share capital of HGRT, 50 per cent. of the issued share capital of INELFE and 22.49 per cent of the issued share capital of CORESO.

References to RTE EDF Transport in this section shall, where applicable, include the RTE Group.

## 1.2 **Corporate purpose of RTE EDF Transport**

In accordance with Article 3 of its by-laws, the corporate purpose of RTE EDF Transport is as follows:

- (a) 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, exploitation, 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;
- (b) 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;
- (c) 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;
- (d) 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 EDF Transport is not able to give security or guarantees of any kind for the benefit of its activity; and
- (e) 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.

## **BUSINESS OVERVIEW OF THE ISSUER**

### **1. Business overview and principal activities**

#### **1.1 General**

RTE EDF Transport 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:

- (a) manages power flows: RTE EDF Transport 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;
- (b) manages the transmission infrastructure: RTE EDF Transport 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
- (c) guarantees access to the transmission network: RTE EDF Transport enters into contracts with transmission network users on the basis of network access tariffs and in accordance with rules of non-discrimination.

In addition, Law dated 9 August 2004 (as amended by Law no. 2006-1537 dated 7 December 2006 in respect of the energy sector) authorises RTE EDF Transport 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.

#### **1.2 Public service commitments**

##### **(a) 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 Law no. 2000-108 dated 10 February 2000 relating to the modernisation and expansion of the public electricity service, which applies to all operators of such public service.

##### **(b) 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.

#### **1.3 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.

#### 1.4 The public service contract

The purpose of the public service contract entered into on 24 October 2005 between the French State, EDF and RTE EDF Transport 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 EDF Transport by the French State. This agreement sets forth the commitments of EDF and RTE EDF Transport 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, provided for by Law dated 9 August 2004, 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 EDF Transport agree to meet as soon as practicable in order to adjust the financial balance of the public service commitments entrusted to EDF and RTE EDF Transport.

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 EDF Transport operates, particularly in France.

The network operators, Electricité Réseau Distribution France ("ERDF") and RTE EDF Transport, 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. ERDF 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 Title III of Law dated 9 August 2004, ERDF'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 EDF Transport will spend about €200 million per year up to 2017 on a network mechanical security programme, aimed at reinforcing the ability to withstand strong windstorms.

#### 1.5 Code of good conduct (*Code de bonne conduite*)

Article 6 III of Law dated 9 August 2004 provides that RTE EDF Transport must set out in a code of 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 EDF Transport, addressed to the Commission for Energy Regulation (*Commission de Régulation de l'Energie* or "CRE").

The code of conduct published on 16 July 2008 by RTE EDF Transport is structured around four principles:

- (a) guaranteeing non-discrimination in relation to access to the electricity transmission network;
- (b) ensuring transparency in relation to the CRE, EDF and users of the network;
- (c) maintaining the confidentiality of commercially sensitive information provided by users of the network; and
- (d) ensuring its staff obligations and commitments in relation to these obligations.

A report on the implementation of the code of conduct is published annually.

#### 1.6 Public transmission network concession (*cahier des charges de concession du réseau public de transport*)

RTE EDF Transport 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 12 of

Law no. 2000-108 dated 10 February 2000 relating to the French electricity market, 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 EDF Transport 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 EDF Transport will request from the minister in charge of the energy sector a renewal of its concession.

## **2. RTE EDF Transport'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")**

### **2.1 Third-party access to the networks**

Article 23 of Law no. 2000-108 dated 10 February 2000 provides that network operators must guarantee access to the public transmission and distribution networks in order to:

- (a) ensure the public service missions relating to the supply of electricity;
- (b) ensure that the supply contracts with eligible customers are performed;
- (c) allow a generator to supply its establishments, subsidiaries and parent company, within the limits of its own generation; and
- (d) 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.

### **2.2 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.

Decree no. 2001-365 dated 26 April 2001 lays down the principles for setting TURPE as follows:

- (a) TURPE are to be calculated on the basis of the sum of the costs of the network (notably costs of management and operation of public networks, costs of loss of energy, costs of maintenance, of a network mechanical security programme, of the development and reinforcement of public networks, including reinforcements linked to the connection of new users, repayment of capital investments, costs of research and development).
- (b) TURPE include an element that relates to power that has been subscribed for and an element that relates to energy that has been injected or withdrawn.
- (c) TURPE are the subject to a fixed rate reduction where a user is subject to an interruption lasting over six hours, and where the relevant interruption is due to a reduction in supply attributable to a fault with the public transmission and supply networks.

Pursuant to Article 4 of French Law no. 2000-108 dated 10 February 2000, as amended by Law no. 2005-781 dated 13 July 2005, the CRE makes a proposal for the TURPE to the Ministers of Economy, Finance and Industry and of Energy and ministerial approval is considered to be given unless one of the ministers raises an objection within two months of receiving the proposal from the CRE. In this respect, the CRE made a proposal on 26 February 2009 in relation to tariffs for the August 2009 to July 2013 period to the Ministers of Economy and of Energy. Such proposal was approved on 5 June 2009 and became effective on 1 August 2009 ("**TURPE 3**").



The main characteristics of TURPE 3 are the following:

- it applies for four years, from 1 August 2009;
- it imposed a first tariff increase in 2009 of 2 per cent. compared with the former TURPE 2 tariff ("TURPE 2") level;
- an annual adjustment, of the tariff linked to retail price index (*indice des prix à la consommation harmonisé*), plus 0.4 per cent., and the recovery of the "account to regulate costs and revenues" (*Compte de Régulation des Charges et des Produits* or "CRCP") limited between -2 per cent. and 2 per cent.;
- all costs are covered, plus a remuneration of the Regulated Asset Base (RAB) at a weighted cost of capital (WACC) at 7.25 per cent. (nominal before tax);
- an extension of the CRCP, in particular on differences on turnover due to off-take volume difference. The CRCP (that already existed with TURPE 2 tariff) aims at offsetting the impact of external factors on the network operators' costs and revenues (*e.g.*, variations in the price of electricity) that cannot be fully controlled by the network operators (*e.g.*, energy purchases intended to cover losses sustained by the networks, interconnection revenues). The CRCP, by nature, does not appear in the statutory accounts of the network operator. The surplus and the loss of earnings of the network operator will be reflected in this account. 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;
- three incentive regulation schemes have been introduced:
  - a bonuses / penalty system (système de bonus/malus) on supply quality, limited to 20 M€ a year;
  - a bonuses / penalty system (système de bonus/malus) on the performance of purchases to compensate for losses;
  - an equal share of gains on operating costs, compared with reference costs, between RTE EDF Transport and network users.

The network infrastructure user tariff increased on 1 August 2010 by 2.5% in accordance with the TURPE 3 tariff provisions:

- 0.1% attributable to inflation between 2010 and 2009;
- 0.4% as a fixed amount; and
- 2% attributable to the discharging of the 2009 income and expenditure adjustment account.

### **3. Transmission of electricity: the network operated by RTE EDF Transport**

Law dated 9 August 2004 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 100,000 km of high and very high voltage circuits and 46 cross-border power lines, the French transmission network is the largest in Europe. RTE EDF Transport's geographic position places it at the heart of the European electricity market. The total energy carried by the RTE EDF Transport network in 2010 reached 534.5 Terawatt hour ("TWh") and represented 93.7 per cent. of the total electricity generated in and imported into France.

#### **3.1 Technical characteristics**

The table below sets forth the technical characteristics of the RTE EDF Transport network as of 31 December 2010 and takes into account the impact of French Decree no. 2005-172 dated 22 February 2005, 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 EDF Transport 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 ERDF Electricité Réseau Distribution France.

	400kV	225 kV	150 kV	90 kV	63 kV	<= 45kV	Total
Tower lines (km).....	13,381	21,226	1,037	14,266	31,234	284	81,428
Overhead circuits (1km).....	21,371	25,488	1,061	16,570	35,783	421	100,694
Underground circuits (km).....	3	1,004	2	542	2,216	92	3,859
<b>Total circuits.....</b>	<b>21,374</b>	<b>26,492</b>	<b>1,063</b>	<b>17,112</b>	<b>37,999</b>	<b>513</b>	<b>104,553</b>
Substations (1) (number).....	145	539	26	545	1,366	6	2,627
Transformers (number).....	283	811	35	26	22	0	1,177
Transformer power (Mega-volt-ampere, "MVA").....	130,141	86,601	1,408	1,209	669	0	220,028

Note:

(1) Figures for operating substations where RTE owns at least one set of busbars and/or bays.

Several categories of users are connected to this network (as of 31 December 2010):

- (a) 632 electricity generation power plants: nuclear power stations, conventional thermal plants, hydroelectric power stations, renewable energy installations, including wind farms;
- (b) distributors: ERDF, as distribution network operator, and 26 Local Distribution Companies; and
- (c) 533 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 2009:

	270kV DC(*)	400 kV	225 kV	150 kV	90 kV	63 kV
Number of circuits.....	4	17	13	4	2	6

(\*) Direct Current.

### 3.2 Transmitted volumes

The table below sets forth a simplified evaluation of energy flow on the RTE network over 2007, 2008, 2009 and 2010:

<b>TWh</b>	<b>2007</b>	<b>2008</b>	<b>2009 (provisional)</b>	<b>2010</b>
Net energy withdrawn (including energy withdrawn for pumping and losses).....	456.0	467.2	458.3	481.5
Physical exports (net balance).....	57.0	48.3	25.9	30.7
<b>Net energy Generated in France.....</b>	<b>513.0</b>	<b>515.5</b>	<b>484.2</b>	<b>512.2</b>

In 2010, the total net energy withdrawn in the network amounted to 481.5 TWh (+5.0 per cent. compared to 2009). In 2010 the total energy transmitted on the RTE network represented 93.7 per cent. 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**

##### **4.1 Generation/consumption balance**

As electricity cannot be stored in significant quantities, RTE EDF Transport 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).

##### **4.2 Balancing mechanism**

In accordance with the rules on scheduling, the balancing mechanism and the balance responsible entities established by RTE EDF Transport, the "scheduling responsible entities" (generators, traders, etc.) notify RTE EDF Transport, 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 EDF Transport 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 EDF Transport in the form of "balancing offers", which incorporate price and usage conditions. Depending on its requirements, RTE EDF Transport 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 2010, 8.8 TWh, which is approximately 1.8 per cent. of French consumption, was used to restore balance. Competition has played a major role, even across borders, as 24 per cent. 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 EDF Transport 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.

##### **4.3 Imbalance calculation**

RTE EDF Transport 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 EDF Transport 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 EDF Transport and the distributors who exchange large amounts of information.

#### **4.4 Cost allocation**

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

#### **4.5 Interconnections**

RTE EDF Transport 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 time differences between peak-loads on different sides of borders, enable generation capabilities to be better shared at a European level.

#### **4.6 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 EDF Transport 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 one-quarter of the demand to export to Germany has been satisfied.

RTE EDF Transport, 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:

- (a) 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 was created, as well as through satisfaction surveys or special forums;

- (b) 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
- (c) 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 EDF Transport 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 EDF Transport promotes the development of interconnection capacities in Europe (particularly France-Belgium, France-Spain and France-Italy).

#### 4.7 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. Based on this financial compensation system, RTE EDF Transport recorded a net revenue of €9 million in 2010.

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 European Transmission System Operators for Electricity (ENTSO-E) has reached a voluntary agreement on the inter-TSO compensation (ITC) mechanism, which came into force on 1 January 2010. This will be valid until the European Commission's own guidelines on inter-TSO compensation come into force later next year. Compensation will be either for transmission losses or infrastructure costs. Compensation for the former will be based on the so-called "With and Without Transit model". A framework fund, which has been set at €100 million per annum, will be used for compensation of the latter. The agreement is based on the European Commission's proposal for binding guidelines on inter-TSO compensation.

#### 4.8 Volumes exchanged

In 2010, the volume of blocks of energy exchanged between balance responsible entities on the French market lightly increased. As compared to 2009, block exchange notifications increased by 3 per cent. in volume and increased by 7 per cent. in quantity. The volumes offered averaged 24.3 TWh per month.

Number of contracts in force (as of 31 December 2010):

	2008(*)	2009	2010
<b>Access to international connections</b>			
Number of contracts for adherence to the public network access rules.....	118	117	119

Number of import transactions.....	534	677	780
Number of export transactions.....	546	691	794
<b>Balance responsible entities</b>			
Number of balance responsible entities.....	145	145	160
Number of block exchange notifications.....	2,115	2,263	2,351
Volume of energy exchanged between balance responsible entities (in TWh).....	282	292	307

The total volume of imports and exports decreased by 8.0 TWh in 2010 as compared to 2009 because of a decrease of imports (-15 per cent.) and exports (-2 per cent.).

	2006	2007	2008	2009	2010
Imports.....	28.0	27.5	34.8	43.5	37.1
Exports.....	89.9	83.0	81.4	68.2	66.6
<b>Total.....</b>	<b>117.9</b>	<b>110.5</b>	<b>116.2</b>	<b>111.7</b>	<b>103.7</b>
<b>Export balance.....</b>	<b>61.9</b>	<b>55.5</b>	<b>46.6</b>	<b>24.7</b>	<b>29.5</b>

## 5. Management of the transmission infrastructure

### 5.1 Maintenance

RTE EDF Transport 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 implemented a "mechanical safety 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 devoted close to €100 million per annum to roll out the programme. Such amount of operational expenses will be progressively increased to reach approximately €180 million per annum by 2013. From 2013 onwards, this amount should remain stable until the completion of the programme expected to be in 2017.

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 EDF Transport 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 EDF Transport is developing and maintaining an independent telecommunications safety network for transmitting protection and telecontrol information. Thus, in order to improve operating safety, RTE EDF Transport transfers its safety telecommunications over a fiber optic cable network: this is the purpose of the Optical Safety Network programme (*Réseau Optique de Sécurité*, or "**ROSE**"). At the end of 2009, more than 13,000 km of ROSE optical cable network were installed. The excess capacities of ROSE are sold by @rteria 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 EDF Transport 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 EDF Transport 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, Elia and National Grid, whose activities started on 16 February 2009.

## 5.2 Development and renewal of the transmission network

In 2007, RTE EDF Transport significantly altered its investment programme for the forthcoming years in order to address new policy objectives at French and European levels, social changes and the prospect of an increasing number of refurbishment projects from 2020 onwards.

This investment effort principally focuses on the following:

- developing interconnection capacities with neighbouring countries;
- connection of new generation units (EPR, combined gas cycle, wind power) and reinforcement of upstream network;
- increasing the underground cable network where additional costs in comparison to overhead networks are acceptable; and
- implementing network refurbishing programmes.

In 2010, the total amount of investment was €1,170,000,000 which represents an increase of 15 per cent on the previous year.

The amount will increase significantly from 2011 onwards to approximately an average of €1,450,000 per annum between 2011 to 2014.

## 5.3 New infrastructures 2009/2010

During 2009:

- 14 new substations were connected to the RTE network : seven of 225 kV (Soullans, Saumaty, La Gracieuse, Bergé, Rogerville, Brailly-Cornehotte, Grandes-Rivières), five of 90 kV, two of 63 kV,
- 951 km of new circuits including :
  - o 400 kV: partial replacement of conductors of connections :
    - ☐ Warande-Weppes, Avelin-Warande, complement of operations engaged in 2008
    - ☐ Cornier-Montagny les Lanches, Albertville-Montagny les Lanches, Venaus(Italy)-Villarodin, Praz Saint-André-Villarodin, to increase the interconnection capacity between France and Italy,
    - ☐ Tamareau-Tavel to reinforce transit capacities towards south-east region,
  - o 225 kV:
    - ☐ underground connection Nanterre-Nourottes, to increase security of supply to the area of Cergy,
    - ☐ aerial lines: partial replacement of conductors of connections Etupes-Mambelin in Doubs, Port Jérôme-Rougemontier in Eure and Seine-Maritime, et Aubange-Mont Saint Martin, Aubange-Moulaine and Mont Saint Martin –

Moulaine to increase the interconnection capacity between France and Belgium,

- ☐ connection of substations to the network: La Gracieuse (aerial), Rogerville (underground), Grandes Rivières (underground)
- o 90 kV et 63 kV: 565 km.

During 2010:

- 20 new substations were connected to the RTE network : two of 400 kV (Scheer, Calan), nine of 225 kV (Epizon, Orly, Cize, Seine, Les Morandes, Couffrau, Saulnoy, Brailly-Cornehaute, Les Quatrouillots), one of 150 kV (Petit-Boulay), four of 90 kV, four of 63 kV,
- 656 km of new circuits including :
  - o 400 kV:
    - ☐ partial replacement of conductors of connections :
      - o Warande-Weppes, Avelin-Warande, complement of operations engaged in 2008 and 2009,
      - o Tamareau-Tavel to reinforce transit capacities towards south-east region, complement of operations engaged in 2009,
      - o Avoine – Distré to raise limitations of transit,
    - ☐ connection of substations to the network: Scheer, Calan, La Capelle,
  - o 225 kV:
    - ☐ underground connection Escaillon - Néoules, to increase security of supply to the area of Toulon, Ney – St Ouen further to the request of increase of power of a customer,
    - ☐ aerial lines: partial replacement of conductors of connections Boutre-Oraison, Cantegrit-Mouguerre, Chalon – Champvans, La Chaussée – Récy, Cubnezais – Montguyon, Cheviré - Recouvrance,
    - ☐ connection of substations to the network: Epizon, Scheer, Orly, Cize, Seine, Les Morandes, Couffrau, Saulnoy, Brailly-Cornehaute, Quatouillots, Calan,
  - o 90 kV et 63 kV: 268 km.

#### 5.4 Tax

The new projects will give rise to recurring taxes each year to be paid by RTE EDF Transport. For the 2010 financial year, RTE EDF Transport paid a tax in respect of the pylons amounting to €211million. Moreover, the substations are subject to different taxes, including mainly property tax (€23 million in 2010) professional tax (with a high decrease) (€14 million in 2010), and new taxes (Territorial Economic contribution and transformers tax) to replace professional tax (€164 million).

#### 5.5 Supply quality

RTE EDF Transport 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 EDF Transport 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 EDF Transport 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 EDF Transport 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 (, snowfall in the west and in Normandy in February 2004, storms in the north of France in December 2004, consequences of frequency shortfalls following the European blackout of 4 November 2006, 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), 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:

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Long supply interruption frequency (number/year):</b>								
Excluding exceptional events	0.14	0.08	0.06	0.08	0.08	0.11	0.07	0.06
<i>Including exceptional events</i>	0.14	0.11	0.07	0.09	0.08	0.11	0.10	0.07
<b>Short supply interruption frequency (number/year):</b>								
Excluding exceptional events	0.63	0.66	0.49	0.58	0.46	0.49	0.44	0.32
<i>including exceptional events</i>	0.63	0.68	0.51	0.59	0.46	0.51	0.48	0.33
<b>Equivalent supply interruption time:</b>								
Excluding exceptional events	4'13"	3'46"	2'27"	1'53"	2'29"	4'22"	6'21"	2'53''
<i>Including exceptional events</i>	4'13"	4'44"	5'47"	5'57"	2'41"	5'00"	18'40"	4'48''

The value of 4 minutes 48 seconds for the equivalent supply interruption time in 2010 includes the consequences of two exceptional events; excluding these two events, the equivalent supply interruption time is 2 minutes 53 seconds, value better than the average of results registered during the past ten years. In 2010, the frequency rate for long outages is 0.06 i.e. an average rate of 6 long outages per 100 customer sites; this value is the best result ever registered excluding exceptional events. The frequency of short outages, at 0.32, is the best result ever registered.

## RECENT DEVELOPMENTS

In accordance with article 3 of French decree n°2010-1673 of 29 December 2010 and following approval by the Board of Directors of EDF on 14 December 2010, EDF has allocated half of the shares in RTE EDF Transport to a portfolio of assets to cover the cost of decommissioning nuclear installations. As a result of this allocation, the French State requested a change in the composition of the Supervisory Board of RTE EDF Transport so as to exercise its rights effectively. This has resulted in an increase in the representatives of the French State on the Supervisory Board to 4, thereby equalling the number of EDF and employee representatives on that board. EDF therefore no longer has a majority on the Supervisory Board of RTE EDF Transport. This has resulted in a change in the method of consolidation of RTE EDF Transport's accounts into those of EDF, to an equity accounting method (*mise en équivalence*).

Further to a change in the composition of its Supervisory Board, a new member acting as Representative of the French government has been appointed amongst the CSEA increasing the number of its members which now stands at five.

On 23 September 2010, the Commission gave notice of its decision to grant a subsidy for the construction of the France-Spain line, in a maximum amount of €225m, spread over 4 years and to be split equally between REE (as

operator of the transport network in Spain) and RTE EDF Transport. The amount received by RTE EDF Transport in 2010 was €34m.

## MAJOR SHAREHOLDERS AND ORGANISATIONAL STRUCTURE OF THE ISSUER

RTE EDF Transport is a wholly owned directly subsidiary of EDF. Its share capital is €2,132,285,690 represented by 213,228,569 shares of par value €10 each as at 31 December 2008.

In accordance with Article 7 of the Law dated 9 August 2004 and Article 6 of the Decree no. 2005 1069 of 30 August 2005, RTE EDF Transport must be wholly-owned by EDF, the French State and/or any other body or company belonging to the public sector.

The independence of RTE EDF Transport is ensured by the independence of its Executive Board vis-à-vis its Supervisory Board (*Conseil de Surveillance*) and by the possible diversification of its shareholders.

## TREND INFORMATION IN RESPECT OF THE ISSUER

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements for the year ended 31 December 2010.

## ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES OF THE ISSUER

RTE EDF Transport is managed by an Executive Board and is controlled by a Supervisory Board.

### Executive Board (*Directoire*)

The French law of 9 August 2004 on the public electricity and gas service and electricity and gas companies, amended by the law of 13 July 2005 setting the orientations of energy policy, defined the procedures for nomination and appointment of Executive Board members.

The provisions of these laws have mostly been incorporated into RTE's bylaws. They require the Chairman of the Executive Board to be appointed by the company's Supervisory Board after nomination by the French Minister for Energy, while other Executive Board members are appointed by the company's Supervisory Board after nomination by the Chairman of the Executive Board.

The 5-year terms of office of Executive Board members expired on 31 August 2010 and were renewed.

Dominique Maillard was reappointed as Executive Board Chairman by a Supervisory Board decision of 31 August 2010, following approval by the Minister for Energy in compliance with the applicable laws.

The other Executive Board members were also reappointed, following nomination by the Chairman of the Executive Board and a Supervisory Board decision of 27 September 2010.

The following table shows the current members of the Executive Board and their roles and other functions held during 2010:

	Position	Role	Other Functions
Dominique Maillard	Chairman of the Executive Board		<p>President of <b>HGRT</b></p> <p>Member of the Board of Directors of <b>Réseau Ferré de France</b></p> <p>Representative of the French government</p> <p>President of <b>CORESO</b></p>

Pierre Bornard	Vice-Chairman of the Executive Board	Deputy Managing Director, Electric Systems	Chairman of the Board of Directors of <b>Powernext SA</b>  Director of <b>HGRT</b>  Director of <b>CASC.EU</b>  Member of the Supervisory Board of <b>ECC</b> (European Commodity Clearing)  Director of <b>ENTSO-E</b> (Belgian non-profit association)
Hervé Laffaye	Member of the Executive Board	Deputy Managing Director, Electricity Transmission	-
Philippe Dupuis	Member of the Executive Board	Deputy Managing Director, Finance	Member of the Board of Directors of <b>Powernext SA</b>  Member of the Board of Directors of <b>Agence nationale pour la gestion des déchets radioactifs</b> Representative of the French government

The Executive Board is appointed for a period of five years. Members of the Executive Board can only be removed from office after the CRE has presented a statement of the reasons for this decision.

Subject to the powers that the law, regulations and current by-laws expressly attribute solely to shareholders meetings and to the Supervisory Board, the Executive Board has had conferred on it the widest possible powers to act in any circumstance in the name of RTE EDF Transport.

In particular, the Executive Board has, within its sole competence, the power to undertake transactions that are directly related to the operation, maintenance and development of the public electricity transmission network.

The members of the Executive Board, who cannot serve as members of the Supervisory Board, are not permitted to have any direct or indirect responsibility for the management of activities relating to the generation or supply of electricity or gas, in any company whatsoever, in France or abroad, at the time of their appointment and throughout the duration of their term.

Following RTE EDF Transport's transformation into a limited liability company (*société anonyme*), the corporate organisation has been changed accordingly. Three new divisions have been established and placed under the authority of the Chairman of the Executive Board:

- Human Resources (Pascal Magnien, Director);
- Legal Affairs (Alain Fiquet, Director); and
- General Secretariat (Luc Desmoulins, Director).

These are in addition to the three divisions already in place:

- Power System (Pierre Bornard, Managing Director).

The Power System manages power flows on the network, commercial relations, user access to the transmission system and interconnections, power system reliability, plus work as principal contracting authority for network development projects. It is comprised of:

- the National Power Control Centre (CNES), managing flows on 400kV grid, plus real time nation-wide balance of supply and demand and access to European networks; and
- seven Regional Power Control Units, managing flows on the 225kV, 90kV and 63kV grids, plus grid access for customer sites based in France, and the development of the regional network.
- Transmission (Hervé Laffaye, Managing Director).

The Transmission Division is in charge of the management and operation of system infrastructure, system maintenance and network development engineering. It is comprised of:

- the National Grid Engineering Centre (CNER), in charge of policies and methods for developing, operating and maintaining the network; and
- seven Regional Transmission Units, dealing with the practical maintenance and operation facilities, plus engineering projects for network development.
- Finance (Philippe Dupuis, Managing Director)

The Finance Division sets RTE economic and financial policy. It is also in charge of accounting, management control, procurement and statistics, plus international relations.

- The Executive Committee ("**COMEX**") is composed of:

- Dominique Maillard;
- Pierre Bornard;
- Hervé Laffaye;
- Philippe Dupuis;
- Pascal Magnien;
- Luc Desmoulins;
- Alain Fiquet;
- Michel Derdevet; and
- Jérôme Rieu (Head of Staff).

The COMEX is the executive body of RTE. The subjects with which it is concerned can be classified in accordance with the five key themes of RTE's aims:

- to satisfy clients in the long term;
- to run well and to develop RTE EDF Transport's industrial resources;
- to proceed with the refinement of RTE EDF Transport's management and to improve dialogue within the company;
- to manage the company's finances and economic interests; and
- to expand RTE EDF Transport's field of activity.

The COMEX meets once a week. It examines:

- the weekly report of the Management of the Electricity System and Electricity Transport (*Directions Système Electrique et Transport d'Electricité*) on the monitoring and control of the electricity system and the transport of electricity, and on the development of its operations;

- the monthly report of the board showing the elements of the energy balance sheet, financial management, performance, the functioning of the electricity market and other information which has a non-monthly basis;
- issues presented for guidance or decision; and
- issues of current affairs that are relevant to RTE EDF Transport and its interests.

#### **Supervisory Board (*Conseil de Surveillance*)**

Under the French law of 9 August 2004, one third of RTE EDF Transport's Supervisory Board must be employee representatives, up to one third are representatives of the French government, and the reminder are appointed by the shareholders.

The number of Board members is set at twelve in article 13 of the Issuer's bylaws.

The 5-year terms of office of Supervisory Board members expired on 31 August 2010 and were renewed. André Merlin was reappointed as Chairman of the Supervisory Board.

The French government also exercised its right to have four representatives on RTE's Supervisory Board, by appointing two new members on 31 December 2010. This led to resignation on the same day of two members representing the shareholder.

In compliance with article L.225 -102-1 of the French Commercial Code, the following table shows the members of the Supervisory Board in 2010 and their roles and other functions held during the same year:

	<b>Position at RTE</b>	<b>Role<sup>2</sup></b>	<b>Other functions</b>
<b>André Merlin</b>	Chairman of the Supervisory Board  Representative of <b>EDF</b>		Chairman of the Supervisory Board of <b>ERDF</b>  President of <b>MEDGRID</b>  President of <b>CIGRE</b> ( <i>Conseil International des Grands Réseaux Electriques</i> )
<b>Thomas Piquemal</b>	Vice-Chairman of the Supervisory Board  Representative of <b>EDF</b>	Senior Executive Vice President, Finance, <b>EDF Group</b>	General Manager of <b>EDF Energy Holding Ltd</b>  General Manager of <b>EDF Energy UK Ltd</b>  Director of <b>EDF Energies Nouvelles</b>  Deputy Chairman of the Supervisory Board of <b>ERDF</b>  Member of the Supervisory Board of <b>EnBW AG</b>  Director of <b>EDISON SpA</b>  Director of <b>Transalpina di</b>

<sup>2</sup> In accordance with the French Commercial Code, these roles are functions exercised during 2010 by RTE's management and governance personnel while they held a term of office with RTE.

			<p><b>Energia</b></p> <p>Member of <b>LAZ-MD Holdings LLC</b></p> <p>Member of <b>LFCM Holdings LLC</b></p> <p>Director of <b>FIMALAC</b></p>
<b>Marc Espalieu</b>	<p>Member of the Supervisory Board</p> <p>Representative of <b>EDF</b></p> <p>President of the CSEA<sup>3</sup></p>	<p>Manager/Coordinator of governance of regulated assets, <b>EDF group</b></p>	<p>Member of the Supervisory Board of <b>ERDF</b></p> <p>Member of the Orientation Committee of <b>EDF Production Electrique Insulaire SAS</b></p>
<b>Nicole Verdier-Naves</b>	<p>Member of the Supervisory Board</p> <p>Representative of <b>EDF</b></p> <p>Chair of the Remuneration Committee</p>	<p>Head of Senior executive development, <b>EDF Group</b></p>	-
<b>Astrid Milsan</b>	<p>Member of the Supervisory Board</p> <p>Representative of the French government</p> <p>Member of the CSEA</p> <p>Member of the Remuneration Committee</p>	<p>Director of the energy subdepartment at the State Investment Agency of the <b>French Ministry of the Economy, Finance and Industry</b></p>	<p>Member of the Board of Directors of <b>Areva NC</b> (formerly Cogema)</p> <p>Representative of the French government</p> <p>Member of the Board of Directors of <b>Laboratoire français du fractionnement et des biotechnologies</b></p> <p>Member of the Board of Directors of <b>Française des Jeux</b></p> <p>Representative of the French government</p>
<b>Pierre Fontaine</b>	<p>Member of the Supervisory Board</p> <p>Representative of the French government</p>	<p>Deputy director of the Electric and renewable energies system at the Energy Department of the General Energy and Climate Division of the <b>French Ministry of Ecology, Sustainable Development, Transport and Housing</b></p>	<p>Government commissioner at the <b>Compagnie Nationale du Rhône</b></p> <p>Representative of the French government</p> <p>Member of the Supervisory Board of <b>ERDF</b></p> <p>Representative of the French government</p> <p>Member of the Supervisory Board of <b>Electricité de Mayotte</b></p> <p>Representative of the French government</p> <p>Member of the Board of</p>

<sup>3</sup>

CSEA: *Comité de Supervision Economique et de l'Audit* (Economic Supervision and Audit Committee)

			Directors of <b>Voies Navigables de France</b> Representative of the French government
<b>Gilles Bellec</b>	Member of the Supervisory Board  Representative of the French government	Member of the General Council for Industry, Energy and Technologies	Member of the Board of Directors of <b>the Service Hydrographique et Océanographique de la Marine</b>
<b>Cécile Pendaries</b>	Member of the Supervisory Board  Representative of the French government	Deputy Director at the Department of Competition of the <b>French Ministry of the Economy, Finance and Industry</b>  Government commissioner to the Competition Authority	-
<b>Patrice Sebille</b>	Member of the Supervisory Board  Employee representative  Sponsored by the CGT union	Engineer in charge of coordination	-
<b>Charles Niéto</b>	Member of the Supervisory Board  Employee representative  Sponsored by the CGT union	Member of technical operations staff at RTE	-
<b>Dominique Loret</b>	Member of the Supervisory Board  Employee representative  Sponsored by the CGT union  Member of the CSEA	Operations engineer	-
<b>Patrick Larradet</b>	Member of the Supervisory Board  Employee representative  Sponsored by the CFDT union	Senior engineer	-

The Supervisory Board monitors the activities of the Executive Board and must expressly approve certain actions of the Executive Board, for example any project to grant or obtain loans, borrowings, credits or advances where the unit value is above a threshold set annually by the Supervisory Board. The Supervisory Board conducts such checks and verifications it deems necessary. In addition, it deliberates on the strategic, economic, financial and technological development plans related to RTE EDF Transport's activities. The Chairman of the Executive Board is required to

provide each member of the Supervisory Board with all of the documents and information necessary to accomplish his or her mandate.

Furthermore, in accordance with Article 6 of Law dated 9 August 2004, and with Article V of the by-laws of RTE EDF Transport, certain decisions (relating to budget, financial policies, all purchasers, transfers and sales of assets, the granting of securities or guarantees of any type the formation of any company, economic interest group (*groupement d'intérêt économique*) or other legal entity), must be approved by a vote of the majority of the members of the Supervisory Board, and by a vote of the majority of the members of the Supervisory Board nominated by the shareholders (EDF at the date of this Base Prospectus). Nevertheless, operations relating to maintenance and development of the transmission network are decided by the Executive Board only.

### **Risk Management**

Risk management and control are organised at two different management levels:

- (a) at the national level: RTE EDF Transport's Executive Committee approves risk mapping each year and gives a national manager responsibility or monitoring the identified risks. RTE *Mission Audit Sécurité* and RTE *Mission Management de la Qualité, de la Sécurité et de l'Environnement* (an internal audit division of RTE EDF Transport) carry out the national audits sponsored by the Executive Board, to which they report their findings and recommendations; and
- (b) at the local level: each of RTE EDF Transport's units and functional entities is responsible for its own analysis of the risks associated with its activities, controlling these through appropriate audits, and reporting on a national level.

### **Conflicts of interest**

There are no potential conflicts of interest between any duties owned by the members of the Executive Board and the Supervisory Board of RTE EDF Transport to the Issuer and their private interests and/or duties. Effectively, therefore, as at the date of this Base Prospectus, EDF controls all significant decisions of RTE EDF Transport.

## **LEGAL AND ARBITRATION PROCEEDINGS**

### **SNCF litigation**

Law dated 9 August 2004 provides that the power lines granted to the SNCF in accordance with previous legislation must be transferred in return for payment to RTE EDF Transport within a year of RTE EDF Transport's incorporation. The relevant legislation is the law dated 30 December 1982 on the internal transmission network where such power lines constitute "relevant works" of the public transmission network (*ouvrages relevant du réseau public de transport d'électricité*).

The sale of these works was agreed in 2002 by the SNCF and RTE when an objective evaluation was carried out by the two parties in order to assess value. However, valuation discussions broke down and diverging opinions on this matter between the parties remains to this day.

In July 2007, Dominique Maillard - Chairman of the Executive Board of RTE EDF Transport - asked the Finance and Employment Minister and the Environment and Development Minister to convene an ad hoc commission (the "Commission"), as provided for in Article 10 of Law dated 9 August 2004, for the purposes of resolving the parties' differences. The decision to establish this commission was made on 26 December 2008. Gérard Moulin, from the "*Cour des Comptes*", is the *président* of the Commission, assisted by Jean-Pierre Leteurtois and Philippe Peyronnet. The Commission must resolve the parties' differences within six months.

Law dated 9 August 2004 requires the Commission resolve any dispute within a period of six months and that its decisions may be subject to litigation proceedings before the relevant administrative jurisdiction. Pursuant to a decision dated 26 December 2008 and published in the Official Gazette dated 18 January 2009, a Commission has been set up by the Finance and Employment Minister and the Environment and Development Minister in order to resolve the dispute relating to the transfer for the benefit of RTE of the high voltage lines belonging to SNCF. The Commission must resolve the dispute between RTE EDF Transport and SNCF within six months of its appointment. The



Commission gave its decision on 15 July 2009, fixing the repurchase price of the SNCF network at €140 million. The SNCF disagrees with this estimate and appealed against the decision before the *Conseil d'Etat* on 21 August 2009.

A contract signed on 22 December 1999 between SNCF and EDF authorised EDF to use the high tension electric network belonging to SNCF subject to the payment of an annual charge of €21.5 million.

In 2001, RTE as a department of EDF, entered into a new electricity supply contract with *Réseau Ferré de France* on the basis that the prior contract with SNCF was no longer in force. With effect from 1 January 2002, RTE recalculated the charge payable and paid a total amount of €3.1 million, inclusive of VAT, per annum. SNCF contested this decision and initiated proceedings before the Paris Administrative Court.

By its decision dated 4 July 2008, the Paris Administrative Court agreed with the merits of SNCF's petition and ordered RTE to pay €153.2 million inclusive of VAT (i.e. €128.1 million net of VAT), for the period from 1 January 2002 to 30 June 2008.

RTE has appealed against this decision and requested that its execution be suspended, but in the interim, has paid the amount ordered by the Paris Administrative Court.

The Council of State ruled on 27 January 2011 that RTE's appeal of July 2010 was not admissible. This decision is final. The decision relating to the repurchase price against which SNCF appealed before the *Conseil d'Etat* is still pending.

#### **The POWEO dispute (the mandatory nature of shareholdings in system services)**

POWEO, which is challenging the mandatory participation to the balance responsible system referred to in Article 15 of Law no. 2000-108 dated 10 February 2000 and is also requesting remuneration in accordance with market rules, submitted the case to the Committee for disputes and sanctions (*Comité de règlement des différends et des sanctions* or "CoRDIS") of the Commission for Energy Regulation (*Commission de Régulation de l'Energie* or "CRE") on 3 July 2009. The CoRDIS rejected POWEO's request on 15 October 2009. POWEO appealed against this decision to the Paris Court of Appeal and the date of the hearing is fixed for 18 May 2010.

POWEO's request, if extended to all electricity producers, could lead to a doubling of the anticipated budget in TURPE 3 for frequency setting (approximately €200 million out of €330 million anticipated for frequency and voltage operations).

The decision of the CRE was confirmed by the Paris Court of Appeal on 7 September 2010. POWEO did not appeal against such decision. Therefore this decision is final.

#### **STATUTORY AUDITORS OF THE ISSUER**

The statutory auditors of the Issuer and the RTE Group are Deloitte & Associés, 185 avenue Charles de Gaulle 92200 Neuilly-sur-Seine, France and Mazars, Tour Exaltis, 61 Henri Regnault, 92400 Courbevoie, France (both entities are regulated by the *Haut Conseil du Commissariat aux Comptes* and are duly authorised as *Commissaires aux Comptes*); the statutory auditors both belong to the *Compagnie Nationale des Commissaires aux Comptes*.

Mazars was appointed at the General Shareholders' Meeting held on 19 May 2009 replacing PricewaterhouseCoopers for the rest of its mandate, expiring on the date of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2010.

Alternative auditors:

- for Mazars

Philippe Castagnac

44, rue de la Faisanderie

75116 Paris

- for Deloitte & Associés

B.E.A.S

7-9, villa Houssay

92524 Neuilly sur Seine

**RISK FACTORS RELATING TO THE ISSUER**

*See section "Risk factors relating to the Issuer" on pages 5 to 14 of this Base Prospectus.*

#### DOCUMENTS ON DISPLAY

For so long as any Notes may be issued under the Programme or are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent, the Paying Agents and the Issuer:

- (i) the *statuts* of the Issuer;
- (ii) the Amended and Restated Agency Agreement;
- (iii) the published annual report of the Issuer and audited consolidated accounts of the RTE Group for 2009 and for 2010 (also available on [www.rte-france.com](http://www.rte-france.com)) (in English and French) (in each case as soon as they are published);
- (iv) Final Terms for Notes that are admitted to trading on Euronext Paris and/or any other Regulated Market;
- (v) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus and any document incorporated by reference in such documents; and
- (vi) any reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

## TAXATION

### EU Taxation

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

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

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is currently 20 per cent. and will be 35 per cent. as from 1 July 2011 until the end of the transitional period.

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

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

The European Commission has proposed a number of changes to the Directive which have been adopted by the European Parliament. The European Parliament adopted an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

### France — Taxation

Following the introduction of the French *Loi de finances rectificative pour 2009* No.3 (n° 2009-1674 dated 30 December 2009) (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to Notes issued as from 1 March 2010 (other than Notes which are assimilated (*assimilables* for the purpose of French law) and form a single series with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French *Code général des Impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des Impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des Impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50 per cent. withholding tax will be applicable (subject to certain exceptions and potentially to the more favourable provisions of an applicable tax treaty), by virtue of Article 125 A III of the French *Code général des Impôts*.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des Impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis of the French *Code général des Impôts*, at a rate of 25 per cent. or 50 per cent.

Notwithstanding the foregoing, the Law provides that neither the 50 per cent. withholding tax set out under Article 125 A III of the French *Code général des Impôts* nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) n°2010/11 (FP and FE) of the

French tax authorities dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State which is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Payments of interest and other revenues with respect to Notes which are assimilated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 with the benefit of Article 131 *quater* of the French *Code général des Impôts*, will be exempt from the withholding tax set out under Article 125 A III of the French *Code général des Impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting obligations under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) n°2007/59 (FP) and n°2009/23 (FP) of the French tax authorities dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French *Code général des Impôts*, in accordance with Circular 5 I-11-98 of the French tax authorities dated 30 September 1998 and the aforementioned rulings (*rescrits*) n°2007/59 (FP) and n°2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes which are to be assimilated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des Impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

The tax regime applicable to the Notes which do not benefit from the Exception will be set out in the relevant Final Terms.

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

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 5 May 2011 (as amended or supplemented from time to time, the "**Amended and Restated Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, as determined by the relevant Dealer, at the time of such resale. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Amended and Restated Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Amended and Restated Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*.

If necessary these selling restrictions will be supplemented in the relevant Final Terms.

#### United States

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

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

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Amended and Restated Dealer Agreement, it will not offer, sell or, in the case of Materialised Bearer Notes, deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of any identifiable Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

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

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

#### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

#### **General**

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

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

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither any of the Issuer nor any other Dealer shall have responsibility therefor.

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

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

**Final Terms dated [●]**

**RTE EDF Transport S.A.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €7,500,000,000 Euro Medium Term Note Programme  
of RTE EDF Transport S.A.**

**SERIES NO: [●]**

**TRANCHE NO: [●]**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 May 2011 which has received visa no. 11-144 from the *Autorité des marchés financiers* ("AMF") on 5 May 2011 [and the supplement to the Base Prospectus dated [●] which has received visa no. [●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (by Directive 2010/73/EU (the "**2010 PD Amending Prospectus Directive**") to the extent that such amendment have been implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing free of charge on the website of the AMF "[www.amf-france.org](http://www.amf-france.org)", on the website of the Issuer "[www.rte-france.com](http://www.rte-france.com)" and for inspection at the specified offices of the Paying Agents.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] which received visa n°[●] from the *Autorité des marchés financiers* ("AMF") on [●] [and the supplement to the Base Prospectus dated [●] which has received visa no. [●] from the AMF on [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) as amended (by Directive 2010/73/EU (the "**2010 PD Amending Prospectus Directive**") to the extent that such amendment have been implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date], which has received visa no. [●] from the AMF on [●] [and the supplement to the Base Prospectus dated [●] which has received visa no. [●] from the AMF on [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplements to the Base Prospectuses dated [●] and [●]]. The Base Prospectuses [and the supplements to the Base Prospectuses] are for viewing free of charge on the website of the AMF "[www.amf-france.org](http://www.amf-france.org)", on the website of the Issuer "[www.rte-france.com](http://www.rte-france.com)" and for inspection at the specified offices of the Paying Agents.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]<sup>4</sup>*

<sup>4</sup>

Not applicable for issues of Notes the placement of which does not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive 2003/71/EC.



1	Issuer:	RTE EDF Transport S.A.
2	(i) Series Number:	[●]
	(ii) [Tranche Number:	[●]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]	
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount of Notes admitted to trading:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount (plus) accrued interest from [insert date] <i>[if applicable]</i>
6	Specified Denomination(s):	[●] <i>[one denomination only for Dematerialised Notes]</i>
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	<i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis/Rate of Interest:	[[●] per cent. Fixed Rate] <i>[specify reference rate]</i> [+/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other <i>[specify]</i> ] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other <i>[specify]</i> ]  <i>(N.B. If the Final Redemption Amount is less than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
12	Put/Call Options:	[Issuer Call/Investor Put] [(further particulars specified below)]
13	(i) Status of the Notes:	Unsubordinated
	(ii) Date of corporate authorisations for the issuance of Notes obtained:	[●]

14 Method of distribution: [Syndicated/Non-syndicated]

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

- 15 Fixed Rate Note Provisions [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/or other (*specify*)] in arrear]
  - (ii) Interest Payment Date(s): [●] in each year [*adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted*]
  - (iii) Fixed Coupon Amount[(s)]: [●] per [●] in Nominal Amount
  - (iv) Broken Amount[(s)]: [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)]]
  - (v) Day Count Fraction (Condition 5(a)): [30/360 / Actual/Actual (ICMA) / ISDA / other]
  - (vi) Determination Date(s) (Condition 5(a)): [●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
  - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16 Floating Rate Provisions [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
  - (ii) Specified Interest Payment Dates: [●]
  - (iii) Interest Period Date: [●] (*Not applicable unless different from Specified Interest Payment Dates*)
  - (iv) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
  - (v) Business Centre(s): [●]
  - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/FBF Determination/ISDA Determination/ other (*give details*)]
  - (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
  - (viii) Screen Rate Determination:
    - Reference Rate: [●]
    - Interest Determination Date(s): [●]
    - Relevant Screen Page: [●]
  - (ix) FBF Determination: [●]
    - Floating Rate: [●]

	— Floating Rate Determination Date ( <i>Date de Détermination du Taux Variable</i> ):	[•]
	(x) ISDA Determination:	
	— Floating Rate Option:	[•]
	— Designated Maturity:	[•]
	— Reset Date:	[•]
	(xi) Margin(s):	[+/-] [•] per cent. per annum
	(xii) Minimum Rate of Interest:	[•] per cent. per annum
	(xiii) Maximum Rate of Interest:	[•] per cent. per annum
	(xiv) Day Count Fraction:	[•]
	(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
17	Zero Coupon Note Provisions	[Applicable / Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield:	[•] per cent. per annum
	(ii) Any other formula/basis of determining amount payable:	[•]
	(iii) Day Count Fraction:	[Not Applicable / [•]]
18	Index Linked Interest Note Provisions / other variable-linked interest Note Provisions	[Applicable / Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula/other variable:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[•]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv) Interest Determination Date(s):	[•]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi) Interest Period(s):	[•]
	(vii) Specified Interest Payment Dates:	[•]
	(viii) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

	(ix) Business Centre(s):	[•]
	(x) Minimum Rate of Interest:	[•] per cent. per annum
	(xi) Maximum Rate of Interest:	[•] per cent. per annum
	(xii) Day Count Fraction:	[•]
19	Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[•]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
20	Call Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	[•] per Note of [•] Specified Denomination
	(iii) If redeemable in part:	[•]
	(a) Minimum Redemption Amount:	[•]
	(b) Maximum Redemption Amount:	[•]
	(iv) Notice period:	[•]
21	Put Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount each Note and method, if any, calculation of such amount(s):	[•] [•] per Note of [•] Specified Denomination
	(iii) Notice period:	[•]
22	Final Redemption Amount In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	<i>(If the Final Redemption Amount is less than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>

	(i) Index/Formula/variable:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv) Determination Date(s):	[•]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi) Payment Date:	[•]
	(vii) Minimum Redemption Amount:	[•]
	(viii) Maximum Redemption Amount:	[•]
23	Early Redemption Amount	
	Early Redemption Amount(s) payable on redemption for taxation reasons, for or an event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[•]
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
24	Form of Notes:	[Dematerialised Notes/Materialised Notes] (Materialised Notes are only in bearer form) [Delete as appropriate]
	(i) Form of Dematerialised Notes:	[Not Applicable/if Applicable specify whether] [Bearer dematerialised form (au porteur)/ [fully/administered] Registered dematerialised form (au nominative [pur/administré])]
	(ii) Registration Agent:	[Not Applicable/if applicable give names and details] (Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)
	(iii) Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [•] (the "Exchange Date"), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]
	(iv) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] (Only applicable to Materialised Notes)
25	Financial Centre(s) or other special provisions relating to payments dates:	[Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 16(v) and 18(ix) relate]
26	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No/Not Applicable. If yes, give details]

- 27 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
- 28 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- 29 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]
- 30 Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]
- 31 *Masse* (Condition 11): [Applicable/Not Applicable/Condition 11 replaced by the full provisions of the French *Code de commerce* relating to the *Masse*] *(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies, or if the full provisions of the French Code de commerce apply, insert details of initial and alternate Representatives and remuneration, if any)*
- 32 Other final terms: [Not Applicable/give details] *(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*
- 33 Tax regime: [If the Notes do not benefit from the withholding tax exception, set out the relevant tax regime]

#### **DISTRIBUTION**

- 34 (a) If syndicated, names of Managers: [Not Applicable/give names]
- (b) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 35 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 36 Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/ TEFRA C/TEFRA not applicable]
- 37 Additional selling restrictions: [Not Applicable/give details]

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the 7,500,000,000 Euro Medium Term Note Programme of RTE EDF Transport S.A.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer

By:

Duly authorised

## PART B – OTHER INFORMATION

### 1 RISK FACTORS

*[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus or any Supplement(s) to the Base Prospectus or documents incorporated by reference. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently triggers the need for a Supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]<sup>5</sup>.*

### 2 LISTING

- |   |   |
|---|---|
| (i) Listing:  | [Paris Stock Exchange (Euronext Paris)/other ( <i>specify</i> )/None]   |
| (ii) Admission to trading   | [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].]<br>/[Not Applicable] |
| (iii) Estimate of total expenses related to admission to trading: | [●]   |

### 3 RATINGS AND EURO EQUIVALENT

- |   |   |
|---|---|
| Ratings:  | The Notes to be issued have been rated:<br>[S & P: [● ]]<br>[Moody's: [●]]<br>[[Fitch: [●]]<br>[[Other]: [●]]<br>[Each of [Standard & Poor's], [Fitch Ratings] and [Moody's Investors Service] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, although the result of such applications has not been determined.<br>[Each of [●], [●] and [●] is established in the European Union and registered under Regulation (EC) No 1060/2009.]<br>[Each of [●], [●] and [●] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009.]<br><i>(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)</i> |
| Euro equivalent:  | [Not Applicable/Euro [●]] (Only applicable for Notes not denominated in Euro)   |
| The aggregate principal amount of Notes issued has been converted into Euro at the rate of [●], producing a sum of: | [●]   |

### 4 NOTIFICATION

[The *Autorité des marchés financiers* [has provided]/[has been requested to provide] the [names of the competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

<sup>5</sup>

If the final redemption Amount is less than 100 per cent. of the nominal value the Notes will be derivative securities for the purpose of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply.

## 5 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

*[Amend as appropriate if there are other interests]*

## 6 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS

*[Where a statement or report attributed to a person as an expert is included in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer of the Notes.*

*Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Issuer shall identify the source(s) of the information.] / [Not Applicable.]*

## 7 [FIXED RATE NOTES ONLY -YIELD

Indication of yield: [•]

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

## 8 [FLOATING RATE NOTES ONLY - DESCRIPTION OF THE UNDERLYING, MARKET OR SETTLEMENT DISRUPTION AND ADJUSTMENT RULES

### 9 DESCRIPTION OF THE UNDERLYING

*Need to include a description of the underlying on which the Floating Rate is based and of the method used to relate the two.*

### 10 MARKET OR SETTLEMENT DISRUPTION

*Need to include a description of any disruption or settlement disruption events that affect the underlying.*

### 11 ADJUSTMENT RULES

*Need to include a description of the adjustment rules with relation to events concerning the underlying.]*

## 12 DERIVATIVES ONLY – RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING<sup>6</sup>

### 13 EXERCISE DATE OR FINAL REFERENCE DATE]

*Need to specify the exercise date or final reference date of the derivative securities.*

### 14 SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES

*Need to include a description of the settlement procedures of the derivative securities.*

### 15 RETURN ON DERIVATIVE SECURITIES

Return on derivative securities: [Description of how any return on derivative securities takes place]

Payment or delivery date: [•]

Method of calculation: [•]

### 16 INFORMATION CONCERNING THE UNDERLYING

The exercise price or the final reference price [•]

<sup>6</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.



of the underlying:

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- an indication where information about the past and the further performance of the underlying and its volatility can be obtained [●]
- where the underlying is an index: [Applicable / Not Applicable]
  - the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained: [●]
- where the underlying is an interest rate: [Applicable/Not Applicable]
  - a description of the interest rate: [●]
- others: [Applicable/Not Applicable]
  - where the underlying does not fall within the categories specified above the securities note shall contain equivalent information: [●]
- where the underlying is a basket of underlyings: [Applicable/Not Applicable]
  - disclosure of the relevant weightings of each underlying in the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules with relation to events concerning the underlying: ]

#### **17 [DERIVATIVES ONLY - REASONS FOR THE OFFER, USE OF PROCEEDS, TOTAL NET PROCEEDS AND TOTAL EXPENSES<sup>7</sup>**

- [(i)] Reasons for the offer and use of proceeds: [●] (*When different from making profit and/or hedging certain risks / See "Use of Proceeds" in the Base Prospectus*)
- [(ii)] Total net proceeds: [●]
- [(iii)] Estimated total expenses: [●]

*(N.B.: (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

#### **18 [DERIVATIVES ONLY – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING<sup>8</sup>**

The Issuer [intends][does not intend] to issue any post-issuance information in connection with this issue of Notes.

<sup>7</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

<sup>8</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

[If post-issuance information is to be reported, specify what information will be reported and where such information can be obtained.]]

**19 [DERIVATIVES ONLY - OTHER**

Name and address of Calculation Agent: [●]

Other markets on which securities of the same class of the Notes to be admitted to trading are already admitted to trading: [●]

[Information on taxes on the income from the Notes withheld at source in the country where admission to trading (other than in France) is sought: [●]]

**20 OPERATIONAL INFORMATION**

(iv) ISIN Code: [●]

(v) Common Code: [●]

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

(vii) Delivery: Delivery [against/free of] payment

(viii) Names and addresses of initial Paying Agent(s): [●]

(ix) Names and addresses of additional Paying Agent(s) (if any): [●]

(x) Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment. [Not Applicable/give names(s), address(es) and description]

## GENERAL INFORMATION

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

This Base Prospectus received the visa No. 11-144 on 5 May 2011 from the AMF. Euronext Paris is a regulated market for the purposes of the Directive 2004/39/EEC. The Final Terms applicable to each Series of Notes admitted to trading on Euronext Paris will be filed with the AMF.

- (2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the Programme.

The establishment of the Programme was authorised by a decision of the Executive Board (*Directoire*) of the Issuer dated 3 July 2006.

Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of the Executive Board (*Directoire*) of the Issuer, with the prior authorisation of the Supervisory Board (*Conseil de Surveillance*), which may delegate its powers to its *Président* or to any member of the Executive Board (*Directoire*) of the Issuer.

Any drawdown of Notes under the Programme, to the extent that such Notes do not constitute obligations, falls within the general powers of the *Président* of the Executive Board (*Directoire*) of the Issuer or a *directeur général* of the Issuer.

Pursuant to a decision of the Executive Board (*Directoire*) of the Issuer dated 13 December 2010, issues of *obligations* have been authorised, as approved by a decision of the Supervisory board (*Conseil de Surveillance*) of the Issuer dated 10 December 2010, up to a maximum amount of Euro 1,000,000,000 of *obligations* from 1 January 2011 to 31 December 2011 (unless previously cancelled) and the Executive Board (*Directoire*) of the Issuer has delegated to Philippe Dupuis, member of the Executive Board (*Directoire*), the authority to issue obligations within the limits fixed by the Executive Board (*Directoire*) of the Issuer and determine the terms and conditions of the *obligations*.

- (3) Except as disclosed in this Base Prospectus, neither the Issuer nor any member of the RTE Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the RTE Group.
- (4) There has been no significant change in the financial or trading position of the Issuer or of the Group since the date of the last published audited financial statements for the financial year ended 31 December 2010 of the Issuer or of the Group.
- (5) There are no material contracts not entered into in the ordinary course of the Issuer's business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
- (6) Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- (7) The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.
- (8) Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) will be also inscribed either with the Issuer or with the registration agent.

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

- (9) For as long as any Notes are outstanding, a copy of this Base Prospectus together with any supplement to this Base Prospectus and any document incorporated by reference (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the website of the Issuer ([www.rte-france.com](http://www.rte-france.com)).
- (10) For so long as Notes may be admitted to trading on Euronext Paris, the following documents will be available, on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)):
  - (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris, and any other Regulated Market; and
  - (ii) this Base Prospectus together with any supplement to this Base Prospectus and any document incorporated by reference or further Base Prospectus.

**PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

**In the name of the Issuer**

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

Paris, 5 May 2011

**RTE EDF Transport S.A.**

Represented by Philippe Dupuis  
*Membre du Directoire*



***Autorité des marchés financiers***

In accordance with Articles L.412-1 and L.621-8 of the French *code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (AMF), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa No. 11-144 on 5 May 2011. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. In accordance with Article 212-32 of the *Règlement général* of the AMF, all Notes issued or admitted pursuant to this Base Prospectus will result in the publication of the applicable Final Terms.

**Registered Office of the Issuer**

**RTE EDF Transport S.A.**  
Tour initiale  
1 Terrasse Bellini  
TSA 41000  
92919 Paris La Défense cedex  
France

**Arrangers**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**Dealers**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**UniCredit Bank AG**  
Arabellastraße 12  
81925 Munich  
Federal Republic of Germany

**BNP PARIBAS**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

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

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

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

**HSBC France**  
103, avenue des Champs Elysées  
75008 Paris  
France

**ING Belgium SA/NV**  
24 avenue Marnix  
1000 Brussels  
Belgium

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

**Mitsubishi UFJ Securities International plc**  
Ropemaker Place  
25 Ropemaker Street  
London EC2M 2AA  
United Kingdom

**Natixis**

30, avenue Pierre Mendès France  
75013 Paris  
France

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

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

**BNP Paribas Securities Services**

Les Grands Moulins de Pantin  
9, rue du Débarcadère  
93500 Pantin  
France

**Auditors to the Issuer**

**Deloitte & Associés**

185 avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
France

**Mazars**

Tour Exaltis, 61 Henri Regnault  
61 Henri Regnault  
92400 Courbevoie  
France

**Legal Advisers**

*To the Issuer*

**Hogan Lovells (Paris) LLP**

69, avenue Franklin Roosevelt  
75008 Paris  
France

*To the Dealers*

**Linklaters LLP**

25, rue de Marignan  
75008 Paris  
France