



Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes

Issue Price: 98.983 per cent.

This document constitutes a prospectus (the “**Prospectus**”) for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and the relevant implementing measures in France.

Application has been made for approval of this Prospectus to the Autorité des marchés financiers (the “**AMF**”) in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive. Application has been made to Euronext Paris for the Notes to be admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission. The Notes of Arkema (the “**Issuer**” or “**Arkema**”) will be issued on 29 October 2014 (the “**Issue Date**”). Principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations, but shall be subordinated to the *titres participatifs* issued by, and the *prêts participatifs* granted to, the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of or issued by the Issuer (as all such terms are defined in “Terms and Conditions of the Notes – Status of the Notes – Deeply Subordinated Notes”). See “Terms and Conditions of the Notes – Status of the Notes – Deeply Subordinated Notes” herein.

Unless previously redeemed in accordance with “Terms and Conditions of the Notes – Redemption and Purchase”, the Notes shall bear interest on their principal amount:

- (i) from, and including, the Issue Date to, but excluding, 29 October 2020 (the “**First Reset Date**”), at a rate of 4.75 per cent. *per annum*;
 - (ii) from and including the First Reset Date to, but excluding, 29 October 2025 (the “**First Step-up Date**”), at an interest rate *per annum* which shall be equal to the sum of the Reference Rate of the relevant Reset Period and the Initial Margin;
 - (iii) from and including the First Step-up Date to, but excluding, 29 October 2040 (the “**Second Step-up Date**”), at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the First Step-up Margin; and
 - (iv) from and including the Second Step-up Date, at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the Second Step-up Margin,
- provided that the Initial Margin shall be of 4.346 per cent. *per annum*, the First Step-up Margin shall be 0.25 per cent. *per annum* and the Second Step-up Margin shall be of 1.00 per cent. *per annum*.

Each Interest Amount shall be payable annually in arrear on 29 October of each year, commencing on 29 October 2015 (each an “**Interest Payment Date**”).

Interest payments under the Notes may be deferred at the option of the Issuer as set out in “Terms and Conditions of the Notes – Interest – Interest Deferral” herein.

The Notes are undated and have no final maturity. The Issuer may, at its option, redeem all, but not some only, of the Notes at their principal amount (together with any accrued interest and Arrears of Interest (including Additional Interest Amounts thereon)) on the First Reset Date or on any relevant Reset Date thereafter, as set out in “Terms and Conditions of the Notes – Redemption and Purchase – Optional Redemption”. In addition, the Issuer may redeem all, but not some only, of the Notes upon the occurrence of a Gross-Up Event, a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Event or a Repurchase Event. See “Terms and Conditions of the Notes – Redemption and Purchase” herein. The Issuer may also, at any time, redeem all, but not some only, of the Notes following the occurrence of a Change of Control Call Event. See “Terms and Conditions of the Notes – Redemption and Purchase – Redemption following a Change of Control Call Event”. If such Change of Control Call Event is not exercised, the interest payable on the Notes will be increased by an additional margin of 5 per cent. *per annum*.

The Notes will be in bearer dematerialised form (*au porteur*) in the denomination of Euro 100,000 inscribed as from the Issue Date in the books of Euroclear France S.A. (“**Euroclear France**”) which shall credit the accounts of the Account Holders (as defined in “Terms and Conditions of the Notes”) including Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depositary bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). The Notes will at all times be represented in book entry form (*dématérialisés*) in the books of the Euroclear France Account Holders in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical document (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes) of title will be issued in respect of the Notes.

The Notes have been rated BB+ by Standard & Poor’s Credit Market Services France SAS (“**S&P**”) and Ba1 by Moody’s Investors Service Limited (“**Moody’s**”). The Issuer’s long term debt is currently rated BBB by S&P and Baa2 by Moody’s. As of the date of this Prospectus, S&P and Moody’s are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies, as

amended (the “**CRA Regulation**”) and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority’s website (www.esma.europa.eu/page/List-registered-and-certified-CRAs). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Prospective investors should carefully review and consider the section of this Prospectus entitled “Risk Factors” prior to purchasing any Notes.

Structuring Advisor to the Issuer, Global Coordinator and Joint Bookrunner

Natixis

Joint Bookrunners

BNP PARIBAS

Citigroup

Crédit Agricole CIB

Société Générale Corporate & Investment Banking

The date of this Prospectus is 27 October 2014

This Prospectus constitutes a prospectus for the purpose of Article 5.3 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Issuer, its subsidiaries and its shareholdings taken as a whole (the “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, profit and losses and prospects of the Issuer.

This Prospectus should be read and construed in conjunction with the documents incorporated by reference (see “Documents Incorporated by Reference”).

No person has been authorised to give any information or to make any representation other than those contained in this 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 Natixis (the “Structuring Advisor to the Issuer, Global Coordinator and Joint Bookrunner”), BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and Société Générale (together with the Structuring Advisor to the Issuer, Global Coordinator and Joint Bookrunner, the “Joint Bookrunners”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or that any other information supplied in connection with this Prospectus is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. No Notes may be offered or sold, directly or indirectly, and none of this Prospectus or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and France. For a description of certain restrictions on offers and sales of Notes and distribution of this Prospectus, see “Subscription and Sale” below.

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. Subject to certain exceptions, Notes may not be offered or sold within the United States or to or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act (“Regulation S”).

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

To the fullest extent permitted by law, none of the Joint Bookrunners accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Bookrunner or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Bookrunner accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other information incorporated by reference in the Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Bookrunners that any recipient of this Prospectus should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained, or incorporated by reference, in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Bookrunners undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Bookrunners.

In connection with the issue of the Notes, Natixis will act as stabilising manager (the “Stabilising Manager”). The Stabilising Manager (or any person acting on behalf of the Stabilising Manager) 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 (or any person acting on behalf of the 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 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the Notes and 60 calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

In this 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 Union which was introduced on 1 January 1999.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer’s and the Group’s business strategies, expansion and growth of operations, trends in the business, competitive advantage and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

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RISK FACTORS

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

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

The Issuer believes that the factors described below represent the main risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. The risks described below are not the only risks the Issuer faces.

Additional risks and uncertainties not currently known to the Issuer or that are currently believed to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in the Prospectus and in any documents incorporated by reference 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 the Notes.

Terms used but not defined in this section shall have the same meaning as that set out in the “Terms and Conditions of the Notes” and on the cover page of this Prospectus.

1. RISK FACTORS RELATING TO THE ISSUER

Please refer to pages 42 to 59 of the 2013 Reference Document which are incorporated by reference in this Prospectus.

2. RISK FACTORS RELATING TO THE NOTES

The following paragraphs describe the main risk factors that the Issuer believes are material to the Notes to be offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes. Prospective investors should consult their own financial and legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

GENERAL RISKS RELATING TO THE NOTES

The Notes may not be a suitable investment for all investors

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

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

Prospective purchasers should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes.

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 Joint Bookrunners 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.

Modification and waivers

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.

No active Secondary/Trading Market for the Notes

The Notes 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 this Prospectus will be filed with the AMF in France as the Notes are expected to be admitted to trading on Euronext Paris, there is no assurance that such filings will be accepted, that the 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 the Notes.

Potential Conflicts of Interest

All or some of the Joint Bookrunners and their affiliates (including their parent companies) have and/or may in the future engage, in investment banking, commercial banking and/or other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may, in the ordinary course of their business, (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions, entry into derivative transactions or financing or refinancing of the Issuer's acquisitions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (iii) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, certain of such Joint Bookrunners have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

Each of the Issuer and the Joint Bookrunners 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 and the Noteholders, including with respect to certain discretionary determinations and judgements that such calculation agent may make pursuant to the "Terms and Conditions of the Notes" that may influence the amount receivable upon redemption of the Notes.

Exchange Rates

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/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.

Legality of Purchase

None of the Issuer, the Joint Bookrunners or 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.

Credit ratings may not reflect all risks

The Issuer has credit ratings which are subject to reviews from time to time by the independent credit rating agencies which assign such credit ratings.

S&P and Moody's have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any such revision, suspension or withdrawal of any such credit rating could adversely affect the value of the Notes.

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 financial instruments such as the Notes. Potential investors are advised not to rely upon the tax section contained in this Prospectus but should 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 Prospectus.

EU Savings Directive

On 3 June 2003, the European Union adopted 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 their jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State, 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 – European Union") (the ending of such transitional period being dependant upon the conclusion of certain other agreements relating to information exchange with certain other countries). The rate of this withholding tax is currently 35 per cent. In April 2013, the Luxembourg government announced its intention to abolish such withholding tax system and will instead exchange information on interest and other similar income as from 1 January 2015. The final form of the measure is still unknown.

Should a payment be made or collected through a Member State which has opted for a withholding system under the Directive and any tax related amount be withheld from such payment, neither the Issuer nor any Paying Agent nor any other person will be required 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.

On 24 March 2014, the Council of European Union adopted a directive amending the Directive, which when implemented, will amend and broaden the scope of the requirements described above. In particular, the amending directive aims at extending the scope of the Directive to new types of

savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Directive and the amending directive on their investment.

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, but not limited to, the volatility of market interest and yield rates.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes 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 rate should not be taken as an indication of the reference rate's future performance during the life of the Notes.

Change of Law

The "Terms and Conditions of the Notes" are based on French law in effect as at the date of this 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 Prospectus.

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 safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) 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 and regardless of their governing law.

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

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or

- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). 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 the “Terms and Conditions of the Notes” set out in this Prospectus will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

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.

The proposed financial transaction tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”).

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

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

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. If the proposed directive or any similar tax were adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

RISKS RELATED TO THE STRUCTURE OF THE NOTES

The Notes are lowest ranking subordinated obligations of the Issuer

The Issuer’s obligations under the Notes are direct, unconditional, unsecured and lowest ranking subordinated obligations (*engagements subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves. In the event of any judgement rendered by any competent

court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency), the rights of Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes), of the ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes), of lenders in relation to *prêts participatifs* granted to the Issuer and of holders of *titres participatifs* issued by the Issuer, if and to the extent that there is still cash available for those payments. Thus, the Noteholders face a higher recovery risk than holders of unsubordinated and ordinary subordinated obligations of the Issuer.

The claims of the Noteholders under the Notes are intended to be senior only to claims of shareholders. There are currently no instruments of the Issuer that rank junior to the Notes other than the ordinary shares of the Issuer.

The Notes are undated securities

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem or repurchase the Notes at any time, and the Noteholders have no right to require redemption of the Notes. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and may not recover their investment in a foreseeable future.

Deferral of interest payment

On any applicable Interest Payment Date, the Issuer may elect to defer payment, in whole but not in part, of the interest accrued to that date, and any such failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest in respect of the Notes not paid on an applicable Interest Payment Date will, so long as the same remains outstanding, be deferred and shall constitute Arrears of Interest and, if due for at least a year, bear interest, and shall be payable as outlined in the “Terms and Conditions of the Notes”.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Early Redemption Risk

The Issuer may redeem all of the Notes (but not some only) on each Reset Date, and at any time, following the occurrence of a Gross-Up Event, a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Event, a Change of Control Call Event or a Repurchase Event, as outlined in the “Terms and Conditions of the Notes”.

In the event of an early redemption at the option of the Issuer following the occurrence of a Gross-Up Event, a Withholding Tax Event, a Change of Control Call Event or a Repurchase Event, such early redemption of the Notes will be made at the principal amount of the Notes together with any accrued interests and Arrears of Interest (including any Additional Interest Amounts thereon), as outlined in the “Terms and Conditions of the Notes”. In the event of an early redemption at the option of the Issuer following the occurrence of a Tax Deductibility Event, an Accounting Event or a Rating Event, such early redemption of the Notes will be made (i) at the Early Redemption Price (together with any accrued interest and Arrears of Interest (including Additional Interest Amounts thereon), where such redemption occurs before the First Reset Date, or (ii) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date, as outlined in the “Terms and Conditions of the Notes”.

The redemption at the option of the Issuer might negatively affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to the First Reset Date. The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed. Potential investors should consider reinvestment risk in light of other investment available at that time.

There are no events of default or cross default under the Notes

The “Terms and Conditions of the Notes” do not provide for events of default or cross default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No limitation on issuing or guaranteeing debt ranking senior or pari passu with the Notes

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer’s financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

Any decline in the credit ratings of the Issuer may affect the market value of the Notes and changes in rating methodologies may lead to the early redemption of the Notes

The Notes have been assigned a rating by S&P and Moody's. The rating granted by each of S&P and Moody's or any other rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, each of S&P and Moody's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

If as a consequence of a change in the rating methodology of S&P or Moody's, the Notes are no longer eligible for the same or higher category of equity credit attributed to the Notes at the date of their issue, the Issuer may redeem all of the Notes (but not some only), as provided in "Terms and Conditions of the Notes – Redemption and Purchase – Redemption following a Rating Event".

Interest Rate Risk

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

Risk Relating to the Change in the Rate of Interest

The Interest Rate will be reset on each Reset Date. Such Interest Rate will be determined two Business Days before the relevant Reset Date and as such is not pre-defined at the date of issue of the Notes; it may be different from the initial Interest Rate and may adversely affect the yield of the Notes.

GENERAL DESCRIPTION OF THE NOTES

This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see “Terms and Conditions of the Notes”.

Issuer	Arkema.
Securities	€700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes (the “Notes”).
Maturity	Perpetual.
Form and Denomination	The Notes will be issued in dematerialised bearer form (<i>au porteur</i>) and in the denomination of €100,000.
Issue Date	29 October 2014.
Status/Ranking	<p>The Notes are Deeply Subordinated Notes issued pursuant to the provisions of Article L.228-97 of the French <i>Code de commerce</i>. The principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present or future Deeply Subordinated Obligations, but shall be subordinated to the <i>titres participatifs</i> issued by, and the <i>prêts participatifs</i> granted to, the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of or issued by the Issuer.</p> <p>“Deeply Subordinated Notes” means any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (<i>titres subordonnés de dernier rang</i>) of the Issuer and which rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Deeply Subordinated Obligations, but junior to the <i>titres participatifs</i> issued by, and <i>prêts participatifs</i> granted to, the Issuer, and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer.</p> <p>“Deeply Subordinated Obligations” means any Deeply Subordinated Notes or other Obligations or lowest ranking Obligations (<i>engagements subordonnés de dernier rang</i>) of the Issuer which rank, or are expressed to rank, <i>pari passu</i> with the Notes.</p> <p>“Obligations” means, in respect of any person, any financial obligation expressed to be assumed by or imposed</p>

on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

“**Ordinary Subordinated Obligations**” means any Obligations which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Ordinary Subordinated Obligations, but in priority to the *prêts participatifs* granted to, and the *titres participatifs* issued by, the Issuer and Deeply Subordinated Obligations.

“**Unsubordinated Obligations**” means any Obligations which are unsubordinated.

Interest

Unless previously redeemed in accordance with the Conditions and subject, in particular, but not limited to, the provision relating to interest deferral, the Notes shall bear interest on their principal amount:

- from, and including, the Issue Date to, but excluding, 29 October 2020 (the “**First Reset Date**”), at a rate of 4.75 per cent. *per annum*;
- from and including the First Reset Date to, but excluding, 29 October 2025 (the “**First Step-up Date**”), at an interest rate *per annum* which shall be equal to the sum of the Reference Rate of the relevant Reset Period and the Initial Margin;
- from and including the First Step-up Date to, but excluding, 29 October 2040 (the “**Second Step-up Date**”), at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the First Step-up Margin; and
- from and including the Second Step-up Date, at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the Second Step-up Margin.

Each Interest Amount shall be payable annually in arrear on 29 October of each year commencing on 29 October 2015 (each an “**Interest Payment Date**”).

“**Initial Margin**” means a rate of 4.346 per cent. *per annum*.

“**First Step-up Margin**” means a rate of 0.25 per cent. *per annum*.

“**Second Step-up Margin**” means a rate of 1.00 per cent. *per annum*.

“**Reset Date**” means the First Reset Date and each 5th anniversary thereof.

“**Reset Period**” means the period from, and including, the First Reset Date to, but excluding, the next Reset Date and subsequently each period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date.

“**Reference Rate**” means the 5-year Swap Rate.

“**5-year Swap Rate**” means, with respect to the Notes, the mid-swap rate for a term of 5 years determined by the Calculation Agent on the day falling two Business Days prior to the first day of the relevant Reset Period.

Rate of Interest following a Change of Control

Further to the occurrence of a Change of Control Call Event (as defined below), if the Change of Control Call Option has not been exercised by the Issuer, the interest payable on the Notes will be increased by an additional margin of 5 per cent. *per annum* from and including the date of the Call Event Notice (as defined below) to, but excluding, the redemption of the Notes.

Interest Deferral

Optional Interest Payment

Interest which accrues during an Interest Period ending on but excluding an Interest Payment Date will be due on that Interest Payment Date unless the Issuer elects to defer such payment in whole (but not in part), and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Any interest in respect of the Notes which has been deferred on an Interest Payment Date shall constitute “**Arrears of Interest**”.

Payment of Arrears of Interest

Arrears of Interest (together with any Additional Interest Amount (as defined below)) may at the option of the Issuer be paid in whole, but not in part, at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in respect of all Notes for the time being outstanding shall become due and payable in full on whichever is the earliest of:

- (i) ten (10) Business Days following a Mandatory Payment Event;
- (ii) the next Interest Payment Date in respect of which the Issuer does not elect to defer interest accrued in respect of the relevant Interest Period;
- (iii) the redemption of the Notes; or
- (iv) the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or if the Issuer is liquidated for any other reason.

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French *Code civil*, as if it constituted the principal of the Notes at a rate which corresponds to the rate of interest from time to time applicable to the Notes (the “**Arrears Interest Rate**”) and the amount of such interest (the “**Additional Interest Amount**”) with respect to Arrears of Interest shall be due and payable pursuant to this paragraph and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the Conditions.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1154 of the French *Code civil* to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest for the purpose only of calculating the Additional Interest Amount accruing thereafter.

For the purpose hereof:

“**Equity Securities**” means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer’s share capital (including preference shares (*actions de préférence*)).

A “**Mandatory Payment Event**” means that:

- (i) a dividend, other distribution or payment of any nature was validly declared, paid or made in respect of any Equity Securities or any Parity Securities of the Issuer, or
- (ii) the Issuer has repurchased, redeemed, or otherwise

acquired any Equity Securities or any Parity Securities of the Issuer other than, with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under any buy-back programme, share option, or free share allocation plan reserved for directors, officers and/or employees of the Issuer, liquidity agreement (*programme de liquidité*) or any associated hedging transaction;

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities.

“**Parity Securities**” means, at any time, any Deeply Subordinated Notes and any securities which rank *pari passu* with the Notes. The term Parity Securities shall apply *mutatis mutandis* to any instruments issued by any Subsidiary of the Issuer, where relevant, provided that each such instrument shall qualify as Parity Securities only to the extent such instrument is guaranteed by the Issuer or the Issuer otherwise assumes liability for it, and the Issuer’s obligations under the relevant guarantee or other assumption of liability rank *pari passu* with the Issuer’s obligations under Parity Securities.

“**Subsidiary**” means any fully consolidated subsidiary (as defined in Article L.233-1 of the French *Code de commerce*) of the Issuer.

Taxation

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

Additional Amounts

If French law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Republic of France, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders 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 in certain circumstances as more fully described in the Conditions.

Final Redemption

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

Optional Redemption at the option of the Issuer

The Issuer will have the right to redeem all of the Notes (but not some only) on the First Reset Date and on any Reset Date thereafter. Such early redemption of the Notes will be made at their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

Early Redemption following a Gross-Up Event or Withholding Tax Event

If by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts (a “**Gross-Up Event**”), the Issuer may, at its option, at any time, redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts (a “**Withholding Tax Event**”), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is passed, as soon as practicable thereafter.

Early Redemption following a Tax Deductibility Event

If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or

regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced (a “**Tax Deductibility Event**”), the Issuer may, at its option, at any time redeem all of the Notes (but not some only) at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Reset Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date, provided that the effective date of redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

Early Redemption following an Accounting Event

If an Accounting Event shall occur after the Issue Date, the Issuer may, at its option, redeem all the Notes (but not some only) at any time, at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Reset Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the proceeds of the Notes must not or must no longer be recorded as “equity” pursuant to IFRS (as defined below) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

“**Accounting Event**” means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that as a result of a change in the accounting rules or methodology effective after the Issue Date, the funds raised through the issue of the Notes must not or must no longer be recorded as “equity” pursuant to the International Financial Reporting Standards (“**IFRS**”) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

Early Redemption following a Rating Event

If a Rating Event has occurred, then the Issuer may redeem all, but not some only, of the Notes at any time, at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Reset Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the Notes will no longer be eligible for the same or higher category of equity credit.

For the purpose hereof:

“**Rating Event**” means that the Issuer has received written confirmation from any Rating Agency from whom the Issuer is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date, which amendment, clarification or change results in a lower equity credit for the Notes than the then respective equity credit assigned on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time.

Early Redemption following a Change of Control

If a Change of Control (as defined below) shall occur after the Issue Date and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (the “**Change of Control Call Event**”), the Issuer may, at its option (a “**Change of Control Call Option**”), at any time, redeem or procure the purchase of all the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon).

A “**Change of Control**” shall be deemed to have occurred each time that any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (a “**Relevant Person**”) in each case come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying (a) more than fifty (50) per cent. of the voting rights exercisable at a general meeting of the Issuer or (b) otherwise the ability to

determine in fact through voting rights held (directly or indirectly) by such Relevant Person(s) the decisions taken at ordinary or extraordinary shareholders' general meetings of the Issuer.

“**Change of Control Period**” means the period commencing on the date that is the earlier of (a) the date of the first public announcement of the result (*avis de résultat*) by the AMF of the relevant Change of Control (the “**Relevant Announcement Date**”) and (b) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and ending on (i) the date which is 180 calendar days after, respectively, (a) the Relevant Announcement Date or (b) the date of the Potential Change of Control Announcement, or (ii) such longer period for which the Issuer, the Notes or the senior unsecured long term debt of the Issuer are under consideration (such consideration having been announced publicly within the period ending 120 calendar days after the occurrence of the relevant Change of Control or, as the case may be, the Potential Change of Control Announcement) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed 70 calendar days after the public announcement of such consideration.

“**Rating Agency**” means Standard & Poor's Credit Market Services France SAS or Moody's Investors Service Limited or any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their respective successors or affiliates.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period the corporate credit rating previously assigned to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) if the corporate rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents) or (b) if, on the Relevant Announcement Date or, as the case may be, the Potential

Change of Control Announcement, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer (the “**Non Investment Grade Rating**”), provided that in both cases, a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing, making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or confirm that the withdrawal, the reduction or the Non Investment Grade Rating was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

“**Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the actual or potential bidder or any such designated advisor to be intended to occur, within 12 months of the date of such announcement or statement). Promptly upon the Issuer becoming aware that a Change of Control Call Event has occurred, the Issuer shall give notice (a “**Call Event Notice**”) to the Noteholders specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either the date on which redemption of the Notes will take place or the Issuer’s election not to redeem the Notes.

If the Issuer elects to redeem or purchase the Notes, such redemption or purchase will take place not less than thirty (30), nor more than sixty (60) calendar days after a Call Event Notice is given.

Early Redemption Price

“**Early Redemption Price**” means 101 per cent. of the principal amount of the Notes, together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

“**Early Redemption Date**” means the effective date of redemption of the Notes made in accordance with this Condition.

Purchase and Redemption following a Repurchase Event

The Issuer may, at any time, purchase the Notes together with rights to interest and any other amounts relating thereto in the open market or otherwise at any price in accordance with applicable laws and regulations. All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

In the event that at least 90 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a “**Repurchase Event**”), the Issuer may, at its option, at any time, redeem all of the outstanding Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon).

Negative Pledge

There will be no negative pledge in respect of the Notes.

Enforcement Events, no Events of Default and no Cross Default

There will be no events of default in respect of the Notes. There will be no cross default under the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l’entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency). No payments will be made to holders of any class of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

Representation of Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* subject to certain exceptions and provisions (the “**Masse**”). The Masse will be a separate legal entity, and will be acting in part through one representative and in part through a

	general meeting of the Noteholders.
Admission to trading	Application will be made for the Notes to be admitted to trading on Euronext Paris. Such admission to trading are expected to occur as of the Issue Date.
Selling Restrictions	There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom and France.
Governing law	The Notes will be governed by, and construed in accordance with, French law.
Settlement	Euroclear France.
Fiscal Agent, Principal Paying Agent and Calculation Agent	Société Générale.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following pages identified in the cross-reference table below of the following documents which have been previously filed with the AMF as competent authority in France for the purposes of the Prospectus Directive:

- (1) the pages referred to in the table below which are included in the Issuer's 2012 *Document de Référence* in French language, filed with the AMF under no. D.13-0229 on 27 March 2013 (the "**2012 Reference Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2012 prepared in accordance with IFRS as adopted by the European Union;
- (2) the pages referred to in the table below which are included in the Issuer's 2013 *Document de Référence* in French language, filed with the AMF under no. D.14-0221 on 27 March 2014 (the "**2013 Reference Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2013 prepared in accordance with IFRS as adopted by the European Union; and
- (3) the pages referred to in the table below which are included in the Issuer's interim financial report in French language, for the six-month period ended 30 June 2014 (the "**2014 Half-Year Financial Report**").

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

For as long as any Notes are outstanding, all documents incorporated by reference into this Prospectus will be available on the website of the Issuer (www.arkema.com) or, during usual business hours on any weekday, from the specified offices of the Paying Agents. The 2013 Reference Document and the 2012 Reference Document are available on the website of the AMF (www.amf-france.org).

Any information not listed in the cross-reference table below but included in the documents incorporated by reference is given for information purposes only and is not required by the schedules of the Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (the "**Regulation**").

The English translations of the 2014 Half-Year Financial Report, the 2013 Reference Document and the 2012 Reference Document are available on the website of the Issuer (<http://www.arkema.com/en/investor-relations/financials/annual-reports/index.html>). Such English translations are available for information purposes only and are not incorporated by reference in this Prospectus and may not be relied upon.

Prospectus Regulation – Annex IX of the Regulation		2014 Half-Year Financial Report (Unaudited)	2013 Reference Document	2012 Reference Document
A9.3	RISK FACTORS			
A9.3.1	Prominent disclosure of risk factors that may affect the issuer’s ability to fulfil its obligations under the securities to investors in a section headed “Risk Factors”.		Pages 42-59	
A9.4	INFORMATION ABOUT THE ISSUER			
A9.4.1	<u>History and development of the Issuer</u>			
A9.4.1.1	the legal and commercial name of the Issuer;		Page 254	
A9.4.1.2	the place of registration of the Issuer and its registration number;		Page 254	
A9.4.1.3	the date of incorporation and the length of life of the Issuer, except where indefinite; and		Page 254	
A9.4.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office.		Page 254	
A9.5	BUSINESS OVERVIEW			
A9.5.1	<u>Principal activities:</u>			
A9.5.1.1	A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed; and		Pages 14-30	

Prospectus Regulation – Annex IX of the Regulation		2014 Half-Year Financial Report (Unaudited)	2013 Reference Document	2012 Reference Document
A9.5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.		Pages 18-30	
A9.6	ORGANISATIONAL STRUCTURE			
A9.6.1	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.		Page 255	
	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.		Not applicable	
A9.9	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
A9.9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:			
	(a) members of the administrative, management or supervisory bodies;		Pages 113-122	
	(b) partners with unlimited liability, in the case of a limited partnership with a share capital.		Not applicable	
A9.9.2	<u>Administrative, Management, and Supervisory bodies conflicts of interests</u>			

Prospectus Regulation – Annex IX of the Regulation		2014 Half-Year Financial Report (Unaudited)	2013 Reference Document	2012 Reference Document
	Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 10.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.		Page 122	
A9.10	MAJOR SHAREHOLDERS			
A9.10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.		Page 264	
A9.10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.		Not applicable	
A9.11	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
A9.11.1	<u>Historical Financial Information</u>			

Prospectus Regulation – Annex IX of the Regulation		2014 Half-Year Financial Report (Unaudited)	2013 Reference Document	2012 Reference Document
	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.	Pages 10-31	Pages 165-229	Pages 137-202
	(a) balance sheet;	Page 12	Page 169	Page 141
	(b) income statement;	Page 10	Page 167	Page 139
	(c) cash flow statement; and	Page 13	Page 170	Page 142
	(d) accounting policies and explanatory notes	Pages 16-31	Pages 172-229	Pages 144-202
A9.11.3	<u>Auditing of historical annual financial information</u>	Pages 33-35	Pages 165-166	Pages 137-138
A9.11.5	<u>Legal and arbitration proceedings</u>	Page 25	Pages 205-208	Pages 51-52 and 178-181
A9.12	MATERIAL CONTRACTS			
A9.12	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.		Pages 37-39	Pages 29-31

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

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

Arkema

420 rue Estiennes d'Orves
92700 Colombes

France

Duly represented by:

Christiane Chapuis

Directeur Financement et Trésorerie

authorised signatory

pursuant to a corporate decision dated 24 October 2014
in Colombes, on 27 October 2014



In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the Autorité des marchés financiers ("AMF") has granted to this Prospectus the visa n°14-574 on 27 October 2014. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

TERMS AND CONDITIONS OF THE NOTES

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

The issue outside the Republic of France of the €700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes (the “**Notes**”) of Arkema (the “**Issuer**” or “**Arkema**”) has been authorised by a resolution of the Board of Directors (*Conseil d’administration*) of the Issuer held on 16 September 2014 and a decision of the Chief Executive Officer (*Président-Directeur Général*) of the Issuer dated 24 October 2014. The Issuer has entered into a fiscal agency agreement (the “**Agency Agreement**”) dated 27 October 2014 with Société Générale as fiscal agent, principal paying agent and calculation agent. The fiscal agent and principal paying agent, the calculation agent and the paying agents for the time being are respectively referred to in these Conditions as the “**Fiscal Agent**”, the “**Principal Paying Agent**”, the “**Calculation Agent**” and the “**Paying Agents**” (which expression shall include the Principal Paying Agent and the Fiscal Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the “**Agents**”. Copies of the Agency Agreement are available for inspection at the specified offices of the Paying Agents. References to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

1 Form, Denomination and Title

The Notes are issued on 29 October 2014 (the “**Issue Date**”) in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* (the “**Code**”) by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Notes.

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

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

2 Status of the Notes

2.1 Deeply Subordinated Notes

The Notes are Deeply Subordinated Notes issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*.

The principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among

themselves and *pari passu* with all other present or future Deeply Subordinated Obligations, but shall be subordinated to the *titres participatifs* issued by, and the *prêts participatifs* granted to, the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of or issued by the Issuer.

“**Deeply Subordinated Notes**” means any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and which rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations, but junior to the *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer.

“**Deeply Subordinated Obligations**” means any Deeply Subordinated Notes or other Obligations or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes.

“**Obligations**” means, in respect of any person, any financial obligation expressed to be assumed by or imposed on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

“**Ordinary Subordinated Obligations**” means any Obligations which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Ordinary Subordinated Obligations, but in priority to the *prêts participatifs* granted to, and the *titres participatifs* issued by, the Issuer and Deeply Subordinated Obligations.

“**Unsubordinated Obligations**” means any Obligations which are unsubordinated.

2.2 Payment on the Notes in the event of the liquidation of the Issuer

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency), the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- unsubordinated creditors of the Issuer;
- ordinary subordinated creditors of the Issuer;
- lenders in relation to *prêts participatifs* granted to the Issuer;
- holders of *titres participatifs* issued by the Issuer; and
- deeply subordinated creditors of the Issuer (including holders of Deeply Subordinated Notes).

In the event of liquidation of the Issuer, the Notes shall rank in priority only to any payments to holders of Equity Securities.

In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with any present or future Deeply Subordinated Notes (including the Notes) shall be terminated.

“**Equity Securities**” means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer’s share capital (including preference shares (*actions de préférence*)).

3 Negative Pledge

There will be no negative pledge in respect of the Notes.

4 Interest

4.1 General

Unless previously redeemed in accordance with the Conditions and subject to the further provisions of this Condition (in particular, but not limited to Condition 4.6), the Notes shall bear interest on their principal amount:

- (i) from, and including, the Issue Date to, but excluding, 29 October 2020 (the “**First Reset Date**”), at a rate of 4.75 per cent. *per annum* (the “**First Interest Rate**”);
- (ii) from and including the First Reset Date to, but excluding, 29 October 2025 (the “**First Step-up Date**”), at an interest rate *per annum* which shall be equal to the sum of the Reference Rate of the relevant Reset Period and the Initial Margin (the “**Second Interest Rate**”);
- (iii) from and including the First Step-up Date to, but excluding, 29 October 2040 (the “**Second Step-up Date**”), at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the First Step-up Margin (the “**Third Interest Rate**”); and
- (iv) from and including the Second Step-up Date, at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the Second Step-up Margin (the “**Fourth Interest Rate**”).

Each Interest Amount shall be payable annually in arrear on 29 October of each year, commencing on 29 October 2015 (each an “**Interest Payment Date**”).

For the purpose hereof:

“**Business Day**” means any day (other than a Saturday or a Sunday) which is a TARGET 2 Settlement Day.

“**Initial Margin**” means a rate of 4.346 per cent. *per annum*.

“**First Step-up Margin**” means a rate of 0.25 per cent. *per annum*.

“**Second Step-up Margin**” means a rate of 1.00 per cent. *per annum*.

“**Reset Date**” means the First Reset Date and each 5th anniversary thereof.

“**Reset Period**” means the period from, and including, the First Reset Date to, but excluding, the next Reset Date and subsequently each period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date.

“**Reference Bank Rate**” means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by at least five leading swap dealers in the interbank market (the “**Reference Banks**”) to the Calculation Agent at its request at approximately 11:00 a.m. (Central European time), on the relevant Reset Rate Determination Date. If one quotation is provided, the Reference Bank Rate will be such quotation. If two or more quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations, eliminating, if at least three quotations are provided, the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Reference Bank Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the applicable Reference Bank Rate shall be equal to the last 5-year Swap Rate available on the Screen Page as determined by the Calculation Agent.

“**Reference Rate**” means the relevant 5-year Swap Rate determined by the Calculation Agent on the day falling two Business Days prior to the first day of the relevant Reset Period (each a “**Reset Rate Determination Date**”).

“**5-year Swap Rate**” means the mid-swap rate for a term of 5 years as displayed on Reuters screen “ISDAFIX2” as at 11:00 a.m. (Central European time) (the “**Screen Page**”). In the event that the 5-year Swap Rate does not appear on the Screen Page on the relevant Reset Rate Determination Date, the 5-year Swap Rate will be the Reference Bank Rate on such Reset Rate Determination Date.

The “**5-year Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the first day of the relevant Reset Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

“**TARGET 2 Settlement Day**” means any day on which the TARGET 2 System is operating.

“**TARGET 2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

“**Interest Rate**” means the First Interest Rate, the Second Interest Rate, the Third Interest Rate or the Fourth Interest Rate (all as defined above), as applicable.

Promptly after the determination of the Reference Rate, the Calculation Agent shall determine the Interest Rate for each Note and calculate the relevant Interest Amount (as defined in Condition 4.3 below).

The Calculation Agent will cause the Interest Rate and the relevant Interest Amount (as defined in Condition 4.3 below) payable per Note to be notified to the Issuer, each of the Paying Agents and, if required by the rules of Euronext Paris or any other stock exchange on which the Notes are listed from time to time, to such stock exchange, and to holders of Notes (the “**Noteholders**” and each a “**Noteholder**”) in accordance with Condition 10 without undue delay, but, in any case, not later than on the fourth Business Day after its determination.

4.2 Rate of Interest following a Change of Control Call Event

Further to the occurrence of a Change of Control Call Event described in Condition 5.6 below, if the Change of Control Call Option has not been exercised by the Issuer, the interest payable on the Notes will be increased by an additional margin of 5 per cent. *per annum* from and including the date of the Call Event Notice (as defined in Condition 5.6 below) to, but excluding, the redemption of the Notes.

4.3 Calculation of the Interest Amount

The amount of interest (the “**Interest Amount**”) payable on each Note and on each Interest Payment Date will be the product of the principal amount of such Note and the applicable Interest Rate, multiplied by the Actual/Actual (ICMA) day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

“**Actual/Actual (ICMA)**” means:

- if interest is required to be calculated for a period that is equal to or shorter than the Interest Period to which it applies, the number of days in the relevant period divided by the number of days in the Interest Period in which the relevant period falls;
- if interest is required to be calculated for a period of more than one year, the sum of (a) the number of days of the relevant period falling in the Interest Period in which it begins divided by the total number of days in such Interest Period and (b) the number of days of the relevant period falling in the next Interest Period divided by the total number of days in such next Interest Period (including the first such day but excluding the last).

“**Interest Period**” means the period from and including an Interest Payment Date (or the Issue Date as the case may be) to but excluding the next Interest Payment Date (or the first Interest Payment Date, as the case may be).

4.4 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference Banks (or any of them) or the Calculation Agent, will (in the

absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders.

4.5 Calculation Agent

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Interest Amount for any Interest Period, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are admitted to trading on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

4.6 Interest Deferral

(a) Optional Interest Payment

Interest which accrues during an Interest Period ending on but excluding an Interest Payment Date will be due on that Interest Payment Date unless the Issuer, by giving notice to the Noteholders in accordance with sub-paragraph (c) below, elects to defer such payment in whole (but not in part), and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Any interest in respect of the Notes which has not been paid in accordance with this paragraph will be deferred and shall constitute “**Arrears of Interest**” and shall be payable as outlined below.

(b) Payment of Arrears of Interest

Arrears of Interest (together with any Additional Interest Amount (as defined below)) may at the option of the Issuer be paid in whole, but not in part, at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in respect of all Notes for the time being outstanding shall become due and payable in full on whichever is the earliest of:

- (i) ten (10) Business Days following a Mandatory Payment Event;
- (ii) the next Interest Payment Date in respect of which the Issuer does not elect to defer interest accrued in respect of the relevant Interest Period;
- (iii) the redemption of the Notes; or

- (iv) the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or if the Issuer is liquidated for any other reason, as contemplated under Condition 8.

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French *Code civil*, as if it constituted the principal of the Notes at a rate which corresponds to the rate of interest from time to time applicable to the Notes (the “**Arrears Interest Rate**”) and the amount of such interest (the “**Additional Interest Amount**”) with respect to Arrears of Interest shall be due and payable pursuant to this paragraph (b) and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1154 of the French *Code civil* to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest, for the purpose only of calculating the Additional Interest Amount accruing thereafter.

For the purpose hereof:

A “**Mandatory Payment Event**” means that:

- (i) a dividend, other distribution or payment of any nature was validly declared, paid or made in respect of any Equity Securities or any Parity Securities of the Issuer, or
- (ii) the Issuer has repurchased, redeemed, or otherwise acquired any Equity Securities or any Parity Securities of the Issuer other than, with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under any buy-back programme, share option, or free share allocation plan reserved for directors, officers and/or employees of the Issuer, liquidity agreement (*programme de liquidité*) or any associated hedging transaction;

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities.

“**Parity Securities**” means, at any time, any Deeply Subordinated Notes, and any securities which rank *pari passu* with the Notes. The term Parity Securities shall apply *mutatis mutandis* to any instruments issued by any Subsidiary of the Issuer, where relevant, provided that each such instrument shall qualify as Parity Securities only to the extent such instrument is guaranteed by the Issuer or the Issuer otherwise assumes liability for it, and the Issuer’s obligations under the relevant guarantee or other assumption of liability rank *pari passu* with the Issuer’s obligations under Parity Securities.

“**Subsidiary**” means any fully consolidated subsidiary (as defined in Article L.233-1 of the French *Code de commerce*) of the Issuer.

(c) *Notice of Deferral and Payment of Arrears of Interests*

Notice of (i) deferral of any interest under the Notes on any Interest Payment Date and (ii) any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable shall be given to the Noteholders in accordance with Condition 10, and the Paying Agents and the Calculation Agent at least five (5) Business Days in Paris, but no more than thirty (30) Business Days in Paris, prior to such Interest Payment Date or date. So long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

5 Redemption and Purchase

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

5.1 Final Redemption

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

5.2 Optional Redemption

The Issuer will have the right to redeem all of the Notes (but not some only) on the First Reset Date and on any Reset Date thereafter, subject to having given not more than sixty (60) nor less than thirty (30), calendar days' prior notice to the Noteholders (which notice shall be irrevocable). Such early redemption of the Notes will be made at their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

5.3 Redemption for Taxation Reasons

- (i) If by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below (a "**Gross-Up Event**"), the Issuer may, at its option, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (i) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts

contained in Condition 7 below (a “**Withholding Tax Event**”), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) calendar days’ prior notice to the Noteholders in accordance with Condition 10 redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is passed, as soon as practicable thereafter.

- (ii) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced (a “**Tax Deductibility Event**”), the Issuer may, at its option, at any time (subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 10), redeem all of the Notes (but not some only) at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Reset Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date, provided that the effective date of redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

Prior to the giving of any such notice of redemption in this Condition 5.3, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and, in accordance with Condition 10, to the Noteholders, a certificate signed by two duly authorised representatives of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met.

5.4 Redemption following an Accounting Event

If an Accounting Event shall occur after the Issue Date, the Issuer may, at its option, redeem all the Notes (but not some only) at any time, subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), calendar days’ prior notice (which notice shall be irrevocable) in accordance with Condition 10, at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Reset Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date; provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the

proceeds of the Notes must not or must no longer be recorded as “equity” pursuant to IFRS (as defined below) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

Prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and, in accordance with Condition 10, to the Noteholders, (i) a certificate signed by two duly authorised representatives of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met and (ii) a copy of the letter or report referred to in the definition “Accounting Event”.

“**Accounting Event**” means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that, as a result of a change in the accounting rules or methodology effective after the Issue Date, the funds raised through the issue of the Notes must not or must no longer be recorded as “equity” pursuant to the International Financial Reporting Standards (“**IFRS**”) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

5.5 Redemption following a Rating Event

If a Rating Event has occurred, then the Issuer may, subject to having given not less than thirty (30) nor more than sixty (60) calendar days’ notice to the Fiscal Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), redeem all, but not some only, of the Notes at any time, at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Reset Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Reset Date provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the Notes will no longer be eligible for the same or higher category of equity credit.

Prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and, in accordance with Condition 10, to the Noteholders, (i) a certificate signed by two duly authorised representatives of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met and (ii) evidence of the written confirmation referred to in the definition of “Rating Event”.

“**Rating Event**” means that the Issuer has received written confirmation from any Rating Agency from whom the Issuer is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable), which amendment, clarification or change results in a lower equity credit for the Notes than the then respective equity credit assigned on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time.

5.6 Redemption following a Change of Control Call Event

If a Change of Control (as defined below) shall occur after the Issue Date and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (the “**Change of Control Call Event**”), the Issuer may, at its option (a “**Change of Control Call Option**”), at any time, redeem or procure the purchase of all the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon).

For the purpose of this Condition 5.6:

A “**Change of Control**” shall be deemed to have occurred each time that any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (a “**Relevant Person**”) in each case come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying (a) more than fifty (50) per cent. of the voting rights exercisable at a general meeting of the Issuer or (b) otherwise the ability to determine in fact through voting rights held (directly or indirectly) by such Relevant Person (s) the decisions taken at ordinary or extraordinary shareholders' general meetings of the Issuer.

“**Change of Control Period**” means the period commencing on the date that is the earlier of (a) the date of the first public announcement of the result (*avis de résultat*) by the Autorité des Marchés Financiers (the “**AMF**”) of the relevant Change of Control (the “**Relevant Announcement Date**”) and (b) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and ending on (i) the date which is 180 calendar days after, respectively, (a') the Relevant Announcement Date or (b') the date of the Potential Change of Control Announcement, or (ii) such longer period for which the Issuer, the Notes or the senior unsecured long term debt of the Issuer are under consideration (such consideration having been announced publicly within the period ending 120 calendar days after the occurrence of the relevant Change of Control or, as the case may be, the Potential Change of Control Announcement) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed 70 calendar days after the public announcement of such consideration.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period the corporate credit rating previously assigned to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) if the corporate rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents) or (b) if, on the Relevant Announcement Date or, as the case may be, the Potential Change of Control Announcement, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer (the “**Non Investment Grade Rating**”), provided that in both cases, a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular

Change of Control if the Rating Agency withdrawing, making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or confirm that the withdrawal, the reduction or the Non Investment Grade Rating was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

“**Rating Agency**” means Standard & Poor's Credit Market Services France SAS or Moody's Investors Service Limited or any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their respective successors or affiliates.

“**Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the actual or potential bidder or any such designated advisor to be intended to occur, within 12 months of the date of such announcement or statement). Promptly upon the Issuer becoming aware that a Change of Control Call Event has occurred, the Issuer shall give notice (a “**Call Event Notice**”) to the Noteholders in accordance with Condition 10 specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either the date on which redemption of the Notes will take place or the Issuer's election not to redeem the Notes.

If the Issuer elects to redeem the Notes, such redemption or purchase will take place not less than thirty (30), nor more than sixty (60) calendar days after a Call Event Notice is given.

5.7 Purchase and Redemption following a Repurchase Event

The Issuer may, at any time, purchase the Notes together with rights to interest and any other amounts relating thereto in the open market or otherwise at any price in accordance with applicable laws and regulations. All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

In the event that at least 90 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a “**Repurchase Event**”), the Issuer may at its option, at any time, redeem all of the outstanding Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon), subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), calendar days' prior notice (which notice shall be irrevocable) in accordance with Condition 10.

5.8 Cancellation

All Notes which are purchased for cancellation by the Issuer pursuant to this Condition 5 will forthwith be cancelled (together with rights to interest and any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

5.9 Definitions

For the purposes of this Condition:

“**Early Redemption Price**” means 101 per cent. of the principal amount of the Notes together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

“**Early Redemption Date**” means the effective date of redemption of the Notes made in accordance with this Condition.

6 Payments

6.1 Method of Payment

Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest and Additional Interest Amounts) in respect of the Notes will be made in euro by transfer to a euro-denominated account of the relevant Account Holder. All payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer in respect of such payments.

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 7.

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

6.2 Payments on Business Days

If any due date for payment in respect of any Note 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.

6.3 Fiscal Agent, Paying Agent and Calculation Agent

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

Fiscal Agent, Principal Paying Agent and Calculation Agent

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

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Principal Paying Agent or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 and, so long as the Notes are admitting to trading on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

7 Taxation

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

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders 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, as the case may be:

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder (including a beneficial owner (*ayant droit*)) who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or interest coupon by reason of his having some connection with France other than the mere holding of the Note or interest coupon; or
- (ii) **Payment to individuals:** where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive amending, supplementing or replacing such Directive, or implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

As used in these Conditions, “**Relevant Date**” in respect of any Note or interest amount 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. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, the Early Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 5, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts (including, for the avoidance of doubt, if any, all Arrears of Interest and all Additional Interest Amount) payable pursuant to Condition 4 and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under this Condition.

Each Noteholder shall be responsible for supplying to the Paying Agent via the clearing systems, in a reasonable and timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 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.

8 Enforcement Events, no Events of Default and no Cross Default

There are no events of default in respect of the Notes. There is no cross default under the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency). No payments will be made to holders of any class of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

9 Representation of the Noteholders

Noteholders will 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, L.228-71, the second sentence of Article L.228-65 II, and Articles R.228-63, R.228-67 and R.228-69 subject to the following provisions:

9.1 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.

9.2 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its board of directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors and its employees as well as their ascendants, descendants and spouses;
- (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*), of their management board (*directoire*) and of their supervisory board (*conseil de surveillance*), their statutory auditors and their employees as well as their ascendants, descendants and spouses;
- (iii) companies holding ten (10) per cent. or more of the share capital of the Issuer and companies having ten (10) per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The names and addresses of the initial Representative of the Masse and the alternate Representative are the following:

Initial Representative:

MASSQUOTE S.A.S.U.

33, rue Anna Jacquin

92100 Boulogne Billancourt

France

Represented by its Chairman

Alternate Representative:

Gilbert Labachotte

8 Boulevard Jourdan

75014 Paris

France

In connection with its functions or duties, the Representative will be entitled to a remuneration of €500 (VAT excluded) per year payable on the Issue Date and on each anniversary thereafter.

In the event of death, retirement or revocation of appointment of the initial 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 Representative 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.

9.3 Powers of the Representative

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

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

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

9.4 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 themselves 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 10. 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.

Each Note carries the right to one vote.

9.5 Powers of the General Meetings

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

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

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least 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 General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 10.

9.6 Information to Noteholders

Each Noteholder or Representative thereof will have the right, during the fifteen (15) calendar 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.

9.7 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.

10 Notices

- (a) Notice to the Noteholders shall be valid if published so long as the Notes are admitted to trading on Euronext Paris, at the option of the Issuer, (i) in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), (ii) in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (iii) in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF.
- (b) 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.
- (c) Notices required to be given to the Noteholders 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 of a notice required by Conditions 10(a) and (b) above; except that (i) so long as the Notes are admitted to trading on Euronext Paris and the rules of such regulated market so require, notices shall also be published in a leading daily newspaper of general circulation in France, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 9 shall also be published in a leading daily newspaper of general circulation in Europe.

11 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall be prescribed and become void unless made within five (5) years (in the case of principal or interest) from the due date for payment thereof.

12 Further Issues

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

13 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes may be brought before any competent court located in Paris.

The following paragraph in italics does not form part of the Conditions.

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Notes only to the extent they are replaced with instruments with equivalent Standard & Poor's Credit Market Services France SAS ("S&P") equity credit. Such replacement would be provided during the 360-day period prior to the date of such redemption or repurchase.

The following exceptions apply as to the Issuer's replacement intention. The Notes are not required to be replaced:

(i) if the rating assigned by S&P to the Issuer is at least BBB (or such similar nomenclature then used by S&P) and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or

(ii) in the case of repurchase of less than (x) 10 per cent of the aggregate principal amount of the Notes originally issued in any period of 12 consecutive months or (y) 25 per cent of the aggregate principal amount of the Notes originally issued in any period of ten consecutive years is repurchased, or

(iii) if the Notes are redeemed pursuant to a Rating Event (to the extent it is triggered by a change of methodology at S&P), a Tax Deductibility Event, an Accounting Event, a Withholding Tax Event, a Gross-Up Event or a Change of Control Call Event, or

(iv) if the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or

(v) if such redemption or repurchase occurs on or after the Reset Date falling on 29 October 2040.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes, including the refinancing of the potential acquisition of Bostik.

DESCRIPTION OF ARKEMA

For a general description of Arkema, its activities and its financial condition, please refer to the sections of the 2013 Reference Document, the 2012 Reference Document and the 2014 Half-Year Financial Report identified in the cross-reference table of the “Documents Incorporated by Reference” section of this Prospectus.

RECENT DEVELOPMENTS

- **Press release dated 21 October 2014 - Closing of first stage of acrylic assets acquisition in China**

« Arkema has finalized the first stage of its acrylics assets acquisition project in Taixing, China, and now has access to a modern and competitive 160,000 t/year acrylic acid production capacity in Asia for the sum of US\$ 240 million. This investment will enable the Group to serve its customers in China and in Asia in growing markets such as superabsorbents, paints, adhesives and water treatment.

Arkema has finalized the creation of Sunke, a joint venture with Jurong Chemical, in which Arkema has a majority interest, and which consists in particular of two acrylic acid production lines each amounting to 160,000 t/year located on the Taixing site in China. With the closing of this first stage, Arkema has access to half of the site's installed production.

“This new site will enable us to meet our customers' growing demand for acrylic acid and esters in China and in Asia, and to support the growth of our Coating Solutions segment in this region of the world. The successful integration of these new assets will be a priority for the Group and its personnel over the next few months”, stated Marc Schuller, member of Arkema's Executive Committee. »

- **Press release dated 19 September 2014 - Arkema announces the proposed acquisition of Bostik**

- **« Proposed acquisition of Bostik, number 3 worldwide in adhesives and part of Total's specialty chemicals**
- **New milestone in Arkema's transformation in line with the Group's strategy**
 - Reinforcing Arkema's profile with the integration of a low cyclical and low capital-intensive activity with sales of €1.53 billion
 - Strategic priorities well aligned: innovation, expansion in emerging countries and operational excellence
- **High value creating project**
- **Significant potential for improving Bostik's operating margin**
 - Well identified synergies
 - Cash flow accretive from first full year and EPS accretive from second year
 - Execution facilitated thanks to common culture
- **Offer made on basis of €1.74 billion enterprise value (11 times EBITDA)**
- **A fully secured funding**

Bostik, a world leader in adhesives

With sales of €1.53 billion, a global presence in over 40 countries and 4,900 employees, Bostik is the number 3 worldwide in adhesives. The group holds leading positions in most of its markets, has internationally recognized brands and technologies, and fosters close partnerships with its customers.

Bostik develops high performance and high value added bonding and sealing solutions for the non-woven, industrial, construction and consumer markets.

With its solutions that help reduce the weight of materials, improve the energy efficiency of buildings, develop new energies, and replace traditional bonding solutions, the Bostik group is particularly well-placed to take advantage of the momentum of the adhesives market currently enjoying annual growth above global GDP.

An acquisition project fully aligned with Arkema's strategy

In accordance with the strategy implemented since its stock market listing, this operation would allow Arkema to further strengthen its position in specialty chemicals and to continue developing its High Performance Materials segment, which would account for 42% of total sales following the acquisition of Bostik.

« Since 2006 Arkema has carried through a successful in-depth transformation of its business portfolio with the aim of becoming a world leader in specialty chemicals. The proposed acquisition of Bostik represents a new major milestone towards this ambition.

The complementarities between the two companies, the quality of Bostik's management and teams, the common roots within the Total group, and the brands and technologies are all factors that will sustain value creation for our shareholders and ensure successful execution of the project.

For Arkema, this new exciting challenge complements the ambitious plan currently in progress to establish acrylics and thiochemicals in Asia through the Jurong and Kerteh projects, restore the profitability of fluorogases, carry through its €100 million savings plan announced recently, and realize the strong growth prospects in the attractive oil and gas segment » Thierry Le Hénaff, Arkema Chairman and CEO, stated.

In a steadily growing adhesives market, Bostik's current pace of development together with the synergies identified between the two groups will help improve Bostik's EBITDA margin, with the long-term objective to achieve an EBITDA margin of 14% to 15%, in line with peers average. This strong potential for improving the results, the solid cash flow generation and the low capital-intensity of Bostik will enable Arkema to continue strengthening its profile and its resilience to the changes of the economic environment.

With the proposed acquisition of Bostik, Arkema would achieve proforma sales of some €7.6 billion while increasing its headcount to some 19,000 people. This project would also entail increasing the divestment program of non-core activities representing some €500 million additional sales.

Taking into account the proposed acquisition of Bostik and the contemplated divestment program, the Group raises its 2017 EBITDA target to €1.310 billion.

A financing structure designed to protect the Group's balance sheet and credit rating

In order to maintain a sound balance sheet structure and preserve its financial flexibility, this project would be financed by a €350 million rights issue, the issuance of hybrid securities of between €600 and €700 million, and a senior bond issuance for the balance, i.e. between €500 and €600 million. The share capital increase would be made through preferential subscription rights for existing shareholders. These refinancing operations will be carried out at the earliest opportunity.

The target is to go back close to a 40% gearing by 2017.

This project, with no impact on jobs given the complementarity of the two groups, is subject to the legal information and consultation procedure involving the work councils of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned. »

- **Press release dated 1 August 2014 - Arkema publishes its second quarter results**
 - « **€1,520 million sales, 3.3% down on 2Q'13 at constant business scope and exchange rate**
 - **€206 million EBITDA (2Q'13 at €273 million)**
 - Continuing challenging market conditions in fluorogases
 - Following a good 1st quarter, temporary unfavourable factors in polyamides and lower volumes than expected in acrylics
 - Solid performance in the other product lines
 - **Good resilience of EBITDA margin at 13.6% in this temporary more challenging environment**
 - **Further cost optimization plan of €50 million over next three years**
 - **€1,106 million net debt, slightly down on end of June 2013**

The Board of Directors of Arkema met on 31st July 2014 to close the condensed consolidated accounts of Arkema for 1st half 2014. At the end of the meeting, Thierry Le Hénaff, Chairman and CEO of Arkema, stated:

“The performance of 2nd quarter is below our expectations due to lower volumes than expected in acrylics as well as a number of specific elements in polyamides. It reflects neither the quality of Arkema’s business portfolio nor the projects currently underway, and masks the solid performance of the other product lines.

We remain fully convinced of the relevance of the Group’s long term strategy and of our ability to benefit over the next three years of our various ongoing projects. After a sharp growth in Arkema’s results in the six years following our stock market listing, 2013 and 2014 represent a transition phase marked by the launch of many growth projects and by more challenging market conditions notably in fluorogases. 2015 should already benefit from a significant pick-up in growth with the larger contribution of both organic projects and acquisitions, the first benefits of well-identified elements in fluorogases and Arkema’s positive prospects in the oil and gas market.

Following a thorough review of each business unit, we confirm our mid-term targets (€8bn sales and 16% EBITDA margin). However, their achievement, initially planned for 2016, is now set for 2017 to take into account a more progressive return to normalized conditions.”

KEY FIGURES 2ND QUARTER 2014

<i>(In millions of euros)</i>	2Q 2013	2Q 2014	Variation
i. Sales	1,629	1,520	-6.7%
EBITDA	273	206	-24.5%
EBITDA margin	16.8%	13.6%	
<i>High Performance Materials</i>	<i>19.5%</i>	<i>14.9%</i>	
<i>Industrial Specialties</i>	<i>21.1%</i>	<i>15.7%</i>	
<i>Coating Solutions</i>	<i>14.0%</i>	<i>12.8%</i>	
Recurring operating income	195	126	-35.4%
Non-recurring items	(13)	(22)	n.a.
Adjusted net income	124	68	-45.2%
Net income – Group share	112	47	-58.0%
Adjusted net income per share (in euro)	1.98	1.07	-46.0%

2ND QUARTER 2014 PERFORMANCE

Sales stood at **€1,520 million** against €1,629 million in 2nd quarter 2013. Volumes are up 1.1% (2.5% excluding the impact of the shutdown of Chauny in France effective 1st quarter), mostly supported by Industrial Specialties. The -4.4% price effect essentially concerns fluorogases and, to a lesser extent, High Performance Materials (mainly polyamides). The currency effect (translation only), primarily related to the weakening of the US dollar versus the euro, stood at -2.5%, while the -0.9% business scope effect reflects the deconsolidation of the coating resins companies in South Africa currently being divested as well as the change in the consolidation method used for certain joint ventures.

EBITDA amounted to **€206 million** against €273 million in 2nd quarter 2013. This decrease reflects continuing challenging market conditions in fluorogases, specific temporary unfavourable factors in polyamide 12, and volumes below expectations in Coating Solutions. The other product lines reported a solid performance. Finally, the strength of the euro versus the US dollar continued to impact the Group's performance with a -€6 million translation effect in 2nd quarter 2014.

EBITDA margin held up well at **13.6%** despite market conditions in fluorogases and acrylics.

In line with the EBITDA trend, **recurring operating income** stood at **€126 million** against €195 million in 2nd quarter 2013, after deduction of €80 million depreciation and amortization, slightly up on last year.

Non-recurring items stood at **-€22 million**. They mostly correspond to various restructuring charges, including those related to the shutdown of production of coating resins on the Stallingborough site (United Kingdom) announced in 2nd quarter and to various expenses related to acquisition and divestment operations.

Financial result stood at **-€16 million** against -€13 million in 2nd quarter 2013. It includes a €3 million charge relating to actuarial losses on provisions for long-service awards due to employees in France booked to take into account lower discount rates.

Income taxes amounted to **€41 million**, i.e. 32.5% of recurring operating income. They included a €4 million contribution due on the dividend paid out in May 2014. Excluding this contribution, the tax rate would stand at 29.4% of recurring operating income, reflecting the share of the Group's results achieved in the United States.

Net income Group share stood at **€47 million** against a €112 million in 2nd quarter 2013.

SEGMENT PERFORMANCE IN 2ND QUARTER 2014

HIGH PERFORMANCE MATERIALS

Following a good start of the year, the performance in **High Performance Materials** is down compared to last year due to temporarily unfavourable factors in polyamide 12.

Sales reached **€451 million**, 3.2% down on the previous year at constant scope of business and exchange rate. Volumes improved slightly (+0.9%) compared to 2nd quarter 2013 which had benefited from a stronger-than-expected seasonality in polyamides. Fluoropolymers and Organic Peroxides notably continued to benefit from good growth momentum. The -4.1% price effect reflects higher competitive pressure in polyamide 12 as well as a globally less favourable product mix. The -2.3% translation effect primarily corresponds to the strengthening of the euro versus the US dollar.

EBITDA stood at **€67 million** against €93 million in 2nd quarter 2013. This decrease reflects the impact of the large maintenance turnaround in Mont, France (-€7 million EBITDA), competitive pressure in polyamide 12, and a higher negative transactional effect than in the Group's other segments. 2nd quarter 2013 also benefited from more favourable market conditions due to the consequences of an incident at a competitor's site. **EBITDA margin** remained close to **15%** thanks to the ongoing very solid performance of fluoropolymers, Filtration and Adsorption, and Organic Peroxides. Compared to 1st quarter 2014, lower results reflect the impact of the Mont maintenance turnaround and a different pattern of seasonality in the oil and gas activity of the Filtration and Adsorption BU at the beginning of the year.

INDUSTRIAL SPECIALTIES

As expected, the performance of the **Industrial Specialties** segment reflects the ongoing challenging market conditions in fluorogases. Nevertheless, these conditions remained stable compared to 1st quarter 2014.

Sales reached **€509 million**, 2.7% down on 2nd quarter 2013 at constant scope of business and exchange rate. Volumes grew (+5.5%), in particular in fluorogases, where weather conditions were more favourable than in the previous year, but only partly offset the -8.2% price effect due essentially to lower prices and to an unfavourable product mix in this activity. The translation effect accounted for -2.3%, while the -0.7% business scope effect corresponds to a change in the consolidation method used for certain joint ventures.

With **€80 million EBITDA** and a **15.7% EBITDA margin**, the segment's performance improved over 1st quarter (€72 million EBITDA and 14.5% EBITDA margin) thanks to a more favourable seasonality

and despite the impact of the maintenance turnaround in Thiochemicals in Beaumont (United States) estimated at -€5 million. However, it remains significantly below that of 2nd quarter 2013 (€114 million EBITDA), which represented a high basis of comparison in fluorogases. Thiochemicals and PMMA continued to report a robust performance overall over the quarter.

COATING SOLUTIONS

In the **Coating Solutions** segment, volumes were below expectations and, unlike 1st quarter and the Group's assumption for full year, were unable to fully offset the anticipated lower unit margins in acrylic monomers.

Sales stood at **€555 million** against €602 million in 2nd quarter 2013, 3.2% down at constant scope of business and exchange rate. Excluding the impact of the shutdown of the Chauny site in France, effective in 1st quarter 2014, volumes were up 1.9% (against 4.6% in 1st quarter 2014). Demand in construction and decorative paints was lower than expected in the United States, where no catch-up occurred after a harsh winter, and improved very gradually in Europe. In this context, the contribution of organic growth projects remained limited in 2nd quarter, but should improve in 2nd half of the year in particular with the start-up of the methyl acrylate plant end of June. Prices were slightly below those of 2nd quarter 2013 (-1.2%). The translation effect stood at -2.7%, while the -1.9% business scope effect was due to the coating resins companies being divested in South Africa exiting the scope of consolidation.

EBITDA stood at **€71 million** (€84 million in 2nd quarter 2013). Volumes together with productivity efforts partly offset the impact of unfavourable foreign exchange rates and unit margins below those of 2nd quarter 2013 in acrylic monomers (acid and esters). In this activity, which represents 14% of the Group's total sales, unit margins currently stand between the middle and the lower end of the cycle. This situation, which should continue until the end of the year, is consistent with the assumption adopted by the Group for the full year.

EBITDA margin at **12.8%** confirms the resistance of the segment in less favourable market conditions.

KEY FIGURES 1ST HALF 2014

<i>(In millions of euros)</i>	H1 2013	H1 2014	Variation
Sales	3,192	3,043	-4.7%
EBITDA	507	419	-17.4%
EBITDA margin	15.9%	13.8%	
<i>High Performance Materials</i>	<i>17.6%</i>	<i>16.2%</i>	
<i>Industrial Specialties</i>	<i>20.2%</i>	<i>15.1%</i>	
<i>Coating Solutions</i>	<i>13.8%</i>	<i>13.1%</i>	
Recurring operating income	353	261	-26.1%

Non-recurring items	(140)	(32)	
Adjusted net income	221	156	-29.4%
Net income – Group share	82	124	+51.2%
Adjusted net income per share (in euro)	3.53	2.47	-30.0%

CASH FLOW AND NET DEBT AT 30TH JUNE 2014

In 2nd quarter 2014, Arkema generated **-€17 million free cash flow¹** against +€44 million in 2nd quarter 2013. This flow included a -€26 million variation in working capital, -€17 million non-recurring items mostly corresponding to restructuring charges, and €113 million capital expenditures. The working capital to sales ratio stood at 17.3%², stable compared to end of June 2013. Capital expenditures include €33 million non-recurring capital expenditures mainly relating to the construction of the thiochemicals platform in Malaysia. Capital expenditures should amount to around €450 million for full year 2014.

In 1st half 2014, free cash flow stood at -€100 million against -€16 million in 1st half 2013.

Net debt stood at €1,106 million at 30th June 2014 against €923 million at 31st December 2013. It includes the payment in May of a €1.85 dividend per share, totalling €117 million, as well as the share capital increase reserved for employees totalling €32 million. Net debt was slightly below that of end of June 2013 (€1,150 million at 30 June 2013) despite the evolution in EBITDA and the higher capital expenditures. Gearing stood at 46.6%, down on last year (49.6%).

HIGHLIGHTS SINCE 1ST APRIL 2014

In line with its medium term target to generate a 15% EBITDA margin in the Coating Solutions segment, Arkema has continued to optimise its Coating Resins business with the announcement of a project to discontinue production of coating resins on its Stallingborough site (UK), which will result in the loss of 58 jobs. The production plants were shut down in July 2014.

Arkema announced the creation of a joint venture between CECA, its Filtration and Adsorption subsidiary, and Saudi company Watan Industrial Investment. The joint venture will operate an oilfield production chemicals blending plant and storage facility in Saudi Arabia which will enable CECA to meet the high demand for oilfield production chemicals in the Gulf region, and will consolidate the Group's presence in fast-growing countries. The new site is due to come on stream in 2nd half 2014.

In April 2014, Arkema successfully conducted its fourth share capital increase operation reserved for employees. 491,502 shares were subscribed at a price of €64.19 per share, totalling €32 million. The share of Arkema's capital held by its employees now stands at some 4.7%.

End of July, Arkema announced the start-up of its new 45,000 tonne plant for the production of methyl acrylate, an acrylic acid derivative used in the manufacture of polymers for water treatment, elastomers

¹ Cash flow from operations and investments excluding the impact of portfolio management (for 2013, excluding flows related to Kem One).

² Working capital at 30 June divided by 4 times the 2nd quarter sales

and engineering polymers. This investment, on its Clear Lake site in Texas, represents the last phase of a US\$110 million investment plan intended to strengthen the Group's position in the US acrylics market.

[...] »

TAXATION

The following is a general description of certain French, Luxembourg and European Union withholding tax considerations relating to the Notes that may be relevant to Noteholders who do not concurrently hold shares of the Issuer. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France, Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the current legislation, published case law and other published guidelines and regulations as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date (potentially with retroactive effect). This description is for general information only and does not purport to be comprehensive.

European Union

On 3 June 2003, the European Council of Economics and Finance Ministers adopted 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, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of the beneficial owner. 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 elects for the Disclosure of Information Method, or unless the Member State elects otherwise during this transitional period, withhold an amount on interest payments. The rate of such withholding tax currently equals 35 per cent.

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.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information under 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.

On 24 March 2014, the Council of European Union adopted a directive amending the Directive, which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the amending directive aims at extending the scope of the Directive to new types of savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive.

Luxembourg

The following is a description limited to certain tax considerations in Luxembourg relating to the Notes and specifically contains information on taxes on the income from the securities withheld at source. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders and to certain residual entities (as described below) there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders, and to certain residual entities (as described below) upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Individuals

Luxembourg non-residents

Under the Luxembourg laws dated 21 June 2005 implementing the Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called “residual entities” within the meaning of Article 4.2 of the Directive (i.e. an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not a UCITS recognised in accordance with Council Directive 85/611/EEC or a similar collective investment fund located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and that has not opted to be treated as a UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional

period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg residents

A 10 per cent. withholding tax is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents or to certain residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime).

Only interest accrued after 1 July 2005 falls within the scope of the withholding tax. Interest income from current and sight accounts (*comptes courants et à vue*) provided that the remuneration on these accounts is not higher than 0.75 per cent. are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed Euro 250 per person and per paying agent is exempt from the withholding tax.

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Directive) located in a Member State of the EU other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Directive.

The 10 per cent. withholding tax or the 10 per cent. self-declared tax represents the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the course of their private wealth.

Corporations

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).

France

EU Savings Directive

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

Withholding tax

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a “**Non-Cooperative State**”). If such payments under the Notes are made in a Non-Cooperative State, a 75 per

cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

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

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion, to the extent the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of the Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the French tax administrative guidelines (BOI-RPPM-RCM-30-10-20-40-20140211 n°70, BOI-INT-DG-20-50-20140211 n°550 and n°990 and BOI-ANNX-000364-20120912 n°20), 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) 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
- (ii) 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.

The Notes, which will be admitted to trading on Euronext Paris, and cleared through Euroclear France, will fall under the Exception. Accordingly, payments of interest and other revenues under the Notes by the Issuer are not subject to the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor to the Deductibility Exclusion.

Pursuant to Article 125 A of the French *Code général des impôts*, subject to certain limited exceptions, interest and similar income received from 1 January 2013 by French tax resident individuals are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and similar income paid to French tax resident individuals.

SUBSCRIPTION AND SALE

Subscription Agreement

Natixis (the “**Structuring Advisor to the Issuer, Global Coordinator and Joint Bookrunner**”), BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and Société Générale (together with the Structuring Advisor to the Issuer, Global Coordinator and Joint Bookrunner, the “**Joint Bookrunners**”) have, pursuant to a Subscription Agreement dated 29 October 2014, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at an issue price equal to 99.983 per cent. of the principal amount of the Notes, less any applicable commission. of such principal amount. The Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes. The Joint Bookrunners have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement entitles the Joint Bookrunners 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 Joint Bookrunners 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, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”), or other securities laws of any U.S. state and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. The Notes are being offered and sold only outside of the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise until forty (40) days after the later of the commencement of the offering and the completion of the distribution of the Notes (the “**Distribution Compliance Period**”), as determined and certified to the Issuer by the Joint Structuring Advisors to the Issuer, Joint Global Coordinators and Joint Bookrunners, 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.

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

This 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 Prospectus does not constitute an offer to any U.S. person or to any other person in the United States. Distribution of this Prospectus to any U.S. person or to any other person within the United States is unauthorised and any disclosure without 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.

Any person who subscribes or acquires Notes will be deemed to have represented, warranted and agreed, by accepting delivery of this Prospectus or delivery of the Notes, that it is subscribing or acquiring the Notes in compliance with Rule 903 of Regulation S in an “offshore transaction” as defined in Regulation S, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

United Kingdom

Each Joint Bookrunner has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

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

Each Joint Bookrunner 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 the Notes or has in its possession or distributes this Prospectus or any other offering material and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and neither of the Issuer, nor any other Joint Bookrunner shall have responsibility therefore.

GENERAL INFORMATION

(1) Admission to trading

Application has been made to the AMF to approve this document as a prospectus. Application has also been made for Notes to be admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC appearing on the list of regulated markets issued by the European Commission (an “**EEA Regulated Market**”).

The estimated costs for the admission to trading are Euro 11,000.

(2) Corporate authorisations

The issue of the Notes has been authorised by a decision of Thierry Le Hénaff, *Président-Directeur Général* of the Issuer, dated 24 October 2014, pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 16 September 2014.

(3) No significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2014.

(4) No material adverse change

There has been no material adverse change in the prospects of Arkema since 31 December 2013.

(5) Legal and arbitration proceedings

Except as disclosed in page 25 of the 2014 Half-Year Financial Results and pages 205 to 208 of the 2013 Reference Document, Arkema is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which Arkema is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Arkema or the Group.

(6) Clearing

The Notes will be inscribed in the books of Euroclear France (acting as central depository). The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. The Common Code for the Notes is 113129018 and the International Securities Identification Number (ISIN) is FR0012278539.

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.

(7) Documents available

For so long as the Notes issued are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuer, or otherwise, using any kinds of communication means, permitted by law, at the choice of the Issuer and from the specified offices of the Paying Agents, free of charge:

- (i) the *statuts* of the Issuer;
- (ii) a copy of the documents incorporated by reference in this Prospectus, which comprise the 2014 Half-Year Financial Report, the 2013 Reference Document and the 2012 Reference Document; and
- (iii) all reports, letters and other documents, historical financial statements, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Prospectus.

For so long as Notes are outstanding, this Prospectus will be available on the website of the AMF (www.amf-france.org) and on the website of the Issuer (<http://www.arkema.com/en/investor-relations/financials/debt/index.html>).

(8) Regulation S

The Notes issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act (“**Regulation S**”).

(9) Statutory auditors

KPMG Audit a department of KPMG S.A. and Ernst & Young Audit have audited and rendered their audit reports on the consolidated financial statements of Arkema for the years ended 31 December 2012 and 2013 prepared in accordance with IFRS as adopted by the European Union on 31 December 2012 and 2013. Both entities are regulated by the *Haut Conseil du Commissariat aux Comptes*, duly authorised as *Commissaires aux comptes* and members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

(10) Information sourced from third parties

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(11) Yield

The yield in respect of the Notes is 4.95 per cent. *per annum* from the Issue Date up to the First Reset Date and is calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.

(12) Conflicts of interest

At the date of this Prospectus, as far as the Issuer is aware, there are no conflicts of interest material to the issue or offer of the Notes between the duties of the members of the Board of Directors (*Conseil d'administration*) and their private interests and/or their other duties.

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